

North Pacific Fishery Management Council

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January 30, 2004

DRAFT AGENDA
165th Plenary Session
North Pacific Fishery Management Council
February 4-10, 2004
Anchorage Hilton
Anchorage, AK

The North Pacific Fishery Management Council will meet February 4 through February 10, 2004 at the Anchorage Hilton in Anchorage, AK. Other meetings to be held during the week are:

Committee/Panel

Advisory Panel
Scientific and Statistical Committee
Enforcement Committee
Crab Buyback Workshop

Beginning

Feb. 2, Mon. - Dillingham/Katmai Room
Feb. 2, Mon. - King Salmon Room
Feb. 3, Tues. - Aleutian Room 4:30 -6:30 pm
Feb. 4, Wednesday - Dillingham/Katmai Room

All meetings will be held at the Hotel unless otherwise noted. All meetings are open to the public, except executive sessions of the Council. Other committee and workgroup meetings may be scheduled on short notice during the week, and will be posted at the hotel.

INFORMATION FOR PERSONS WISHING TO PROVIDE PUBLIC COMMENTS

Sign-up sheets are available at the registration table for those wishing to provide public comments on a specific agenda item. Sign-up must be completed **before** public comment begins on that agenda item. Additional names are generally not accepted **after** public comment has begun.

Submission of Written Comments. Written comments and materials to be included in Council meeting **notebooks** must be received at the Council office by **5:00 pm (Alaska Time) on Wednesday January 28.** Written and oral comments should include a statement of the source and date of information provided as well as a brief description of the background and interests of the person(s) submitting the statement. Comments can be sent by mail or fax--please **do not** submit comments by e-mail. **It is the submitter's responsibility to provide an adequate number of copies of comments after the deadline.** Materials provided **during** the meeting for distribution to Council members should be provided to the Council secretary. A minimum of **25** copies is needed to ensure that Council members, the executive director, NOAA General Counsel, appropriate staff, and the official meeting record each receive a copy. If copies are to be made available for the Advisory Panel (**28**), Scientific and Statistical Committee (**18**), or the public after the pre-meeting deadline, they must also be provided by the submitter.

FOR THOSE WISHING TO TESTIFY BEFORE THE ADVISORY PANEL

The Advisory Panel has revised its operating guidelines to incorporate a strict time management approach to its meetings. Rules for testimony before the Advisory Panel have been developed which are similar to those used by the Council. Members of the public wishing to testify before the AP must sign up on the list for each topic listed on the agenda. Sign-up sheets are provided in a special notebook located at the back of the room. The deadline for registering to testify is when the agenda topic comes before the AP. The time available for individual and group testimony will be based on the number registered and determined by the AP Chairman. **The AP may not take public testimony on items for which they will not be making recommendations to the Council.**

FOR THOSE WISHING TO TESTIFY BEFORE THE SCIENTIFIC AND STATISTICAL COMMITTEE

The usual practice is for the SSC to call for public comment immediately following the staff presentation on each agenda item. In addition, the SSC will designate a time, normally at the beginning of the afternoon session on the first day of the SSC meeting, when members of the public will have the opportunity to present testimony on any agenda item. The Committee will discourage testimony that does not directly address the technical issues of concern to the SSC, and **presentations lasting more than ten minutes will require prior approval from the Chair.**

COMMONLY USED ACRONYMS

ABC	Acceptable Biological Catch	mt	Metric tons
AP	Advisory Panel	NMFS	National Marine Fisheries Service
ADFG	Alaska Dept. of Fish and Game	NOAA	National Oceanic & Atmospheric Adm.
BSAI	Bering Sea and Aleutian Islands	NPFMC	North Pacific Fishery Management Council
CDQ	Community Development Quota	OY	Optimum Yield
CRP	Comprehensive Rationalization Program	POP	Pacific ocean perch
CVOA	Catcher Vessel Operational Area	PSC	Prohibited Species Catch
EA/RIR	Environmental Assessment/Regulatory Impact Review	SAFE	Stock Assessment and Fishery Evaluation Document
EEZ	Exclusive Economic Zone	SSC	Scientific and Statistical Committee
EFH	Essential Fish Habitat	TAC	Total Allowable Catch
FMP	Fishery Management Plan	VBA	Vessel Bycatch Accounting
GHL	Guideline Harvest Level	VIP	Vessel Incentive Program
GOA	Gulf of Alaska		
HAPC	Habitat Areas of Particular Concern		
IBQ	Individual Bycatch Quota		
IFQ	Individual Fishing Quota		
IPHC	International Pacific Halibut Commission		
IRFA	Initial Regulatory Flexibility Analysis		
IRIU	Improved Retention/Improved Utilization		
ITAC	Initial Total Allowable Catch		
LAMP	Local Area Management Plan		
LLP	License Limitation Program		
MSFCMA	Magnuson-Stevens Fishery Conservation and Management Act		
MMPA	Marine Mammal Protection Act		
MRA	Maximum Retainable Amount		
MRB	Maximum Retainable Bycatch		
MSY	Maximum Sustainable Yield		

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Estimated Hours

A. CALL MEETING TO ORDER

- (a) Approval of Agenda

B. REPORTS

- B-1 Executive Director's Report (4 hrs)
B-2 NMFS Management Report
B-3 Coast Guard Report
B-4 ADF&G Report
B-5 USFW Report
B-6 IPHC Report

C. NEW OR CONTINUING BUSINESS

- C-1 Gulf of Alaska Groundfish Fishery Rationalization (16 hrs)
(a) Review Board of Fisheries Workgroup Report.
(b) Review and refine alternatives and options.
(c) Review GOA salmon/crab bycatch discussion paper.
- C-2 Observer Program (2 hrs)
(a) Program Overview (AFSC).
(b) Receive progress report on Program Restructuring Analysis and review alternatives. (2 hrs)
- C-3 IR/IU
(a) Receive update on Amendment 79.
(b) Receive progress report on Amendments 80a and 80b. (2 hrs)
- C-4 HAPC
Receive report on proposals received. (12 hrs)
- C-5 Crab EIS
Initial Review and release for public comment. (4 hrs)
- C-6 Congressional legislation (T)
Discuss and provide direction on AI pollock and GOA rockfish. (2 hrs)
- C-7 American Fisheries Act
Review 2003 co-op reports and 2004 co-op agreements.

- C-8 DPSEIS (4 hrs)
(a) Report on comments received on draft.
(b) Report on ESA Consultation.
(c) Review Groundfish FMP revisions.

- C-9 SSL mitigation adjustments in GOA (2 hrs)
Review NMFS informal consultation.

D. FISHERY MANAGEMENT PLANS

- D-1 Groundfish Management (2 hrs)
(a) Review National Bycatch Strategy and Alaska Region Report.
(b) Review Exempted Fishing Permit (EFP) request for rockfish fishery.
(c) Review Crab/Groundfish overfishing definitions and multispecies models. (SSC)

- D-2 Scallop Management (2 hrs)
(a) Review SAFE.
(b) Discuss FMP Update.

- D-3 Staff Tasking (4 hrs)
Review tasking and provide direction to staff.

- D-4 Other Business

E. CHAIR'S REMARKS AND ADJOURNMENT

Total Agenda Hours: 58 Hours

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Certified by Alan Bink
Date 1/23/04

DRAFT MINUTES SCIENTIFIC STATISTICAL COMMITTEE DECEMBER 8-10, 2003

The Science Statistical committee met December 8-10, 2003 at the Hilton Hotel in Anchorage, AK.
Members present:

Rich Marasco, Chair,
Mark Herrmann
George Hunt
Gordon Kruse

Pat Livingston
Doug Woodby
Sue Hills
Farron Wallace

Keith Criddle
Ken Pitcher
Terry Quinn

Review Data Quality Act

The consequences of OMB's proposed bulletin on peer review and information quality will depend on how provisions of the Act are construed. If the bulletin is interpreted as a reinforcement of existing review mechanisms, the structure and operation of current Council review processes could be construed as more than fully compliant. If the bulletin is interpreted as taking precedence over current review structures, current Council review processes could be construed as completely inadequate with respect to compliance. Compliance would become an onerous burden that would reduce the role of science in Council decision-making. It is incumbent on the Council to consult with OIRA regarding the relationship of the proposed bulletin with the requirements of the MSFCMA and with the Council's existing review processes.

From the perspective of the SSC, a body of nationally and internationally prominent research scientists, the existing processes for the review of information and analyses prepared in support of Council decision-making constitute a rigorous peer review with excellent opportunity for public review and comment. Indeed, the *raison d'être* for the SSC and Plan Teams is to provide independent peer review of information and analyses prepared in support of Council decision-making. If the review of information and analyses provided by the SSC and Plan Teams is judged to be non-compliant with guidelines in the proposed OMB bulletin, there may be little benefit in continuing the existence of the SSC or Plan Teams. In defense of the continuation of the SSC and Plan Teams, we note that: 1) SSC and Plan Team members are selected through an annual nomination process; 2) members are selected for their expertise; 3) members are active in the research community and often serve as peer reviewers for scientific journals and as reviewers of fishery programs elsewhere in the US and internationally; 4) the review process is public; 5) during the review process, the SSC and Plan Teams regularly solicit participation of interested public and other researchers; and 6) that the input of these participants is often reflected in the recommendations that emerge from the SSC and Plan Team meetings.

If current Council review processes are deemed non-compliant, there may be need for costly modifications of the structure and timing of Council decision-making. We note that a strict reading of OMB's proposed bulletin suggests a review process that would likely involve a substantial increase in direct costs to the Council and NMFS to solicit peer reviews and to convene meetings to support the peer reviews. There would likely be substantial increases in cost to the public associated with delayed decision-making occasioned by the need to accommodate a review process that is unlikely to be as closely attuned to the decision-cycle as are the current review processes. There would also likely be substantial costs to individual researchers asked to serve as peer reviewers. There is a limited pool of individuals with appropriate expertise and the disposition to participate in public service activities such as the review of information and analyses that support government decision-making. It is unlikely that an exhaustive peer review process could be conducted without reliance on consulting firms and payment for review services. The SSC is concerned that a strict reading of the guidelines in the proposed bulletin may have the unintended effect of discouraging agencies from basing decisions on scientific information or analyses.

D-1 Groundfish specifications

Groundfish SAFE Reports

The SSC recommends the Council release the SAFE to the public.

Spawner-recruit relationships

The SSC is encouraged that several assessment authors are investigating spawner-recruit relationships in their assessments (e.g., Pacific cod, several BSAI flatfish). This raises the possibility that some assessments can move up to Tier 1 from Tier 3 and thus more fully consider stock productivity. The SSC encourages investigations of this type while recognizing some difficulties. In particular, there may be some confounding of environmental effects with density dependence in the time series. For example, many flatfish stocks had low biomass during the 1970s and early 1980s and then increased dramatically. The resultant spawner-recruit curves consist of data points on the left side of the graph from the early period and on the right side of the graph from the most recent period. Nevertheless, authors could explore alternative spawner-recruit analyses based on subsets of the data and contrast those with an analysis using all of the data.

Species at the Periphery of its Range

Variation in distribution or productivity of a species at the periphery of its range has different management implications than variation of a similar magnitude at the center of the range. At the periphery of a species range, small variations in the natural environment may exceed the tolerance of the species and cause large rapid changes in local population size and distribution. In contrast, changes of similar magnitude in the center of the species range may be within the limits of tolerance of the species and therefore may result in little or no change in productivity. Recognizing the above relationships, the SSC recommends that, where possible, the assessment teams differentiate stocks or portions of stocks at the periphery of their ranges.

D-1(a) Final GOA Groundfish Specifications for 2004

POLLOCK

This assessment updates the age-structured model with recent survey, fishery and biological information. In addition, a sensitivity analysis is conducted in which each of the various data sources is excluded from the analysis to see if it has a major effect on estimates of population parameters.

In 2003, NMFS bottom trawl survey biomass increased 86% over a comparable area in 2001 and the ADF&G nearshore trawl survey declined 30%. The 2003 Shelikof Strait survey had an increase of 26% in biomass. When these data are integrated into the assessment model, results are similar to previous years: a large increase in biomass during the 1970's and 1980's and an overall pattern of decline since then with some fluctuations due to periodic strong year-classes. Current biomass is estimated to be about 31% of unfished abundance in the absence of density dependence.

Of the six models evaluated in the assessment, model 2 is comparable to last year's reference model. Model 1 estimates NMFS trawl survey catchability, but is not significantly different from Model 2 with q fixed at 1.0. A likelihood profile for catchability shows that the change in log likelihood is very small between models with fixed and estimated catchability, indicating that despite the large change in biomass, there is no objective basis for choosing one model over another. Model 2 provides conservative biomass estimates and represents the obvious choice for reference model. Results from the remaining models show that removing data sources tends to decrease the robustness of the assessment model, leading to greater variations in estimated population parameters.

Many aspects of conservatism are built into the assessment: (1) there is no correction for catchability, which would tend to increase biomass (as mentioned above), (2) there is no correction for a lower than expected proportion returning to Shelikof Strait in 2002 and 2003, (3) average recruitment is used in place of the higher estimated recruitment for the 1999 year-class, and (4) an even more risk-averse harvest policy is used than that approved for the Steller sea lion measures.

The SSC concurs with the analysts and the Team in the use of this extremely conservative approach, given the concern about the low level of this population. GOA pollock are located in Tier 3b. The resulting ABC is 64,740 t ($F_{ABC}=0.16$) and the overfishing level is 91,060 t ($F_{OFL}=0.22$) for the W/C/WYK portion of the GOA (including an adjustment for Prince William Sound). The recommended ABC is about 12,000 t lower than the maximum permissible. Based on biomass from the bottom trawl survey and a Tier 5 calculation, there is also an ABC of 6,520 t ($F=0.75*M$) and OFL of 8,690 ($F=M$) for the EYK/SEO portion. The SSC further supports the breakdown by smaller management areas.

It was not clear from the assessment document how the apportionment was done among management areas, until it was clarified in discussion. Projected harvest for PWS (920 t) is subtracted from the W/C/WYK ABC (65,660) leaving a remainder of 64,740 t. This is then apportioned regionally and seasonally using available data from a composite of winter EIT surveys and the summer bottom trawl surveys. In light of the unexpected concentrations of pollock found in Sanak Gully and not found in Shelikof, the SSC recommends that the Plan Team carefully examine the method of seasonal and area apportionments and provide a detailed explanation and rationale. The small sample size for portions of the area, and lack of synoptic coverage may limit the utility of these data for the assigned purpose.

PACIFIC COD

The Pacific cod stock assessment was updated with new catch and size composition data from 2002-2003 commercial fisheries and the 2003 GOA trawl survey. Also, historical catch and survey data were recompiled. Recompiled survey data affected the reconstructed model estimates of biomass. Biomass estimates early in the time series declined (most notably a 29% decrease in the revised 1987 survey estimate) whereas biomass estimates in recent years increased. The resultant increase in projected spawning biomass for 2004 raises the stock from slightly below to 16% above $B_{40\%}$, thereby moving the fishery from Tier 3b to Tier 3a.

The SSC supports the authors' and team recommendations for the 2004 specifications: ABC = 62,810 t and OFL = 102,000 t. This ABC corresponds to $F = 0.29$ or 87% of the maximum permissible ABC under $F_{40\%} = 0.34$. Similar to the specifications in 2000-2003, this adjustment was made to compensate for large uncertainty in model parameters M and q . Also, the SSC supports their recommended ABC allocation according to the biomass distribution in the three most recent surveys: 36% (22,610 t) in Western, 57% (35,800 t) in Central, and 7% (4,400 t) in Eastern GOA.

The SSC appreciates the authors' inclusion of a stock-recruitment relationship into this year's assessment. For next year's assessment, the SSC encourages the authors to consider incorporation of ADF&G trawl survey data into the GOA cod assessment, as has been done for pollock. These data are particularly relevant for cod, because cod in state and federal waters are considered to be one stock. **The current method of apportioning part of the federal TAC to the fishery in state waters does not appear to be biomass-based. Potential disproportionate removals of cod from 0-3 miles would not be consistent with other mitigation measures currently in place for Steller sea lions.**

SABLEFISH

The sablefish population increased to a peak in the mid-1960's and declined in the 1970's. Abundance peaked once more in 1987 due to exceptional year classes in the 1970's and decreased to lows from 1998 – 2000, followed by modest increases in recent years. The relative abundance in 2003, although somewhat lower than 2002, remains 10% above the 2000 estimate. The strong 1997-year class is an important part of the population and is projected to account for 31% of the 2004 spawning biomass. Sablefish biomass has increased to a moderate level and projected spawning biomass is 40% of the unfished biomass. Population biomass is well estimated from the data, with some uncertainty in the future related to the strength of the 1998 year-class that may be above average.

The maximum permissible yield obtained from an adjusted $F_{40\%}$ policy is 25,400 t in 2004 for the combined BSAI and GOA regions. The Plan team expressed concern that this would represent a substantial increase (22%) while abundance is projected to decline slightly (1%) in the future. **The SSC shares these concerns and endorses Plan Team 2004 ABC recommendation of 23,000 t ($F_{40\%adj}=0.112$) computed as 90% of the adjusted $F_{40\%}$ value.** This represents a moderate 10% increase above the 2003 ABC of 20,900 t. The OFL fishing mortality rate ($F_{OFL}=0.16$) computed under Tier 3b for combined areas results in a 2004 OFL of 30,800 t.

The SSC endorses the analysts' approach to apportion ABC and OFL by regions using a weighted average of the last five years of both fishery and survey information. This results in final OFL's apportioned to the Bering Sea (4,020 t), Aleutian Islands (4,620 t), Gulf of Alaska (22,160 t) and ABC'S of:

2004 Sablefish ABC Apportionment

REGIO	BSAI			GOA					Grand Total
	EBS	AI	Subtotal	WGOA	CGOA	WYK	SEO/EYK	Subtotal	
ABC	3,000	3,450	6,460	2,930	7,300	2,550	3,770	16,550	23,000

The SSC supports this year's decision analysis, which considers Council established harvest policies. This analysis adjusts catch with abundance when projecting abundance and analyzing the effect of catch. The catch level equal to 90% of the adjusted $F_{40\%}$ value was recommended, as it is unlikely to have a negative effect on spawning biomass and will be re-evaluated annually. The SSC notes that EBS ABC reported in Appendix A of the SAFE was in error (3,010 t) and should be 3,000 t.

FLATFISH

The flatfish group is partitioned for management purposes into deep-water flatfish, rex sole, shallow-water flatfish, flathead sole, and arrowtooth flounder. Deep-water flatfish consists of Dover sole, Greenland turbot and deep-sea sole and the shallow-water complex is comprised of northern and southern rock sole, yellowfin sole, butter sole, starry flounder, English sole, Alaska plaice and sand sole. This year an age-structured assessment for Dover sole was presented as an appendix to the deep-water flatfish chapter and the SSC agrees that the model should be brought forward next year for assessing Dover sole, which will continue to be part of the deep-water complex for management purposes. Assessments were updated to reflect the 2003 bottom trawl survey results.

The SSC noted the lack of detailed ecosystem consideration information in the flatfish chapters and encouraged the authors to include this information in future years. Also noted was the lack of fit between the 2003 survey and the age-structured flatfish model assessments. This lack of fit may be related to the warm bottom temperatures observed during 2003 and the model's lack of variables to represent environmental fluctuations. The SSC encourages the authors to explore survey catchability and temperature relationships for these stocks. Finally, it was noted that some flatfish species for which a Tier 5 calculation is used have not had natural mortality rate evaluated for about 15 years. The SSC recommends that age data be obtained and that M be re-evaluated for these species.

The SSC concurs with the recommendations of the plan team. The recommended 2004 ABC's and OFL's are as follows:

	ABC (t)	OFL (t)	Biomass (t)	F _{ABC}	F _{OFL}
Deep-water flatfish	6,070	8,010	99,620	0.064	0.085
Rex sole	12,650	16,480	99,950	0.15	0.20
Shallow-water flatfish	52,070	63,840	375,950	0.15-0.20	0.20-0.25
Flathead sole	51,720	64,750	292,670	0.47	0.63
Arrowtooth flounder	194,930	228,130	2,453,390	0.142	0.168

The SSC agrees with the plan team recommendation for regional ABC apportionments, which are as follows:

	WESTERN	CENTRAL	WYAK	EYAK/SEO	TOTAL
Deep-water	310	2,970	1,880	910	6,070
Rex sole	1,680	7,340	1,340	2,290	12,650
Shallow-water	21,580	27,250	2,030	1,210	52,070
Flathead sole	13,410	34,430	3,430	450	51,720
Arrowtooth flounder	23,590	151,840	10,590	8,910	194,930

ROCKFISH – General Considerations

1. F_{40%} Report Recommendations

The SSC received a report in 2002 from Goodman et al., known as the "F40 report," that recommended consideration of more conservative harvest rates for rockfish species in the GOA and the BSAI. In response, the SSC requested that stock analysts evaluate the harvest strategy for rockfishes during the 2003 TAC setting process. Stock analysts completed two types of analyses. The first analysis, reported in

the BSAI SAFE for POP and northern rockfish, was an incorporation of process and measurement error in estimating $F_{35\%}$. The result was a finding that the added uncertainty did not produce a lower F_{ABC} than the status quo harvest policy. The second analysis was reported in a draft manuscript by Drs. Paul Spencer and Martin Dorn, in which they evaluated BSAI POP management parameters using Bayesian stock-recruit analysis. Dr. Spencer summarized that report for the SSC at the December 2003 meeting with a conclusion that the $F_{35\%}$ and $F_{40\%}$ policies are not overly aggressive for the BSAI POP stock. The SSC appreciates the efforts by Drs. Spencer and Dorn, and offers the following considerations for further analysis.

The SSC notes that the Bayesian stock-recruitment analysis used methods adapted from Dorn (2002) applied to the BSAI POP stock. The SSC notes that use of the early 1980's data that exhibit extremely high year class success is very influential in determining the results. Different data sets with weak recruitment could yield different results. Further, caution is warranted in extrapolating these results to other species. Nevertheless, the SSC supports further analyses and encourages authors to explore alternative spawner-recruit analyses based on subsets of the data and contrast those with an analysis using all of the data.

It is unknown if the loss of older age classes have measurable consequences to stock productivity. The implications depend on whether older/larger individuals contribute to stock productivity disproportionate to their biomass. Relevant questions include: (1) do older individuals have higher reproductive success?, (2) do they spawn in more favorable habitats?, (3) do they spawn at more favorable times of the year?, (4) do the progeny have a higher survival rate?, and (5) do fisheries cause genetic selection such that heritable growth and mortality traits are lost when old fish no longer survive to contribute to reproduction? The answers to these questions are unknown for rockfishes in Alaska, but there are some hints from other species. Older herring consistently spawn days to weeks earlier than younger herring. Genetic selection has resulted from size-selective harvests of populations of short-lived fishes in laboratory studies within just a few generations. Studies on Atlantic cod suggest that migration pathways to spawning grounds may be a learned attribute from older cod. Closer to home, one study in California suggests differential spawning time and increased viability of young from old versus young adult black rockfish. Owing to lack of studies, it is difficult to quantify and incorporate such considerations into harvest specifications. The SSC is concerned that undesired outcomes could occur if exploitation rates are too high for the most productive individuals in the population. This is an area of needed research.

2. Local Depletion

The SSC requests that additional analysis be provided for rockfish regarding:

- a. A listing of species of rockfish which are most likely to be subject to local depletions either due to specific life history characteristics or fishing practices;
- b. The availability of data for those species which could be used to evaluate the occurrence of local depletion; and
- c. The quality of data that would be needed to detect local depletion with reasonable certainty.

3. Disaggregation of ABCs

The general direction of rockfish management is towards increased splitting out of ABCs stock segments. More often than not, there are insufficient or unreliable data to fully support these splits. This characteristic of the data requires that care be taken in determining the splits to ensure that they achieve the Council's conservation objectives, while not inflicting undue economic hardship on members of the

fishing community. Where data are found lacking or inadequate, a recommendation should be made on how to improve data availability.

PACIFIC OCEAN PERCH (POP)

The 2003 assessment uses the same model as last year with a few improvements, including revised input data for weight at age and for length at age. The resulting model is more stable with a better fit to observed data. Four alternative models were run in addition to the base model. The SSC concurs with the plan team's choice of model 5 to compute the ABC, recognizing that this model provides a much better fit than did the previous year's model. The SSC appreciates the SAFE authors' attention to SSC comments from December 2002 with respect to overly constrained catchability (q), and notes that model 5 allowed greater freedom in estimating q . Given the confounded relationship between M and q , and that q seems high for this species, the SSC requests that the authors investigate a greater range of q and M values.

The SSC concurs with the Plan Team determination under Tier 3a of $F_{ABC} = 0.060$ with $ABC = 13,340$ t, and the OFL (given $F_{35\%} = 0.071$) is 15,840 t. The SSC supports the geographic distribution of the ABC as 2,520 t for the western GOA, 8,390 t for the Central GOA, and 2,430 t for the eastern GOA. OFLs are 2,700 t, 9,960 t, and 2,880 t, for those areas, respectively. Recognizing the effects of the trawl closure on harvest opportunities in the eastern area, the SSC supports the Plan Team recommendation to apportion 830 t of the eastern section ABC to the West Yakutat area where trawling is permitted.

NORTHERN ROCKFISH

The SSC concurs with the Plan Team determination that GOA northern rockfish falls into tier 3a, where the $F_{ABC} = 0.056$, $ABC = 4,870$ t, and the OFL (given $F_{35\%} = 0.068$) is 5,790 t. The SSC supports the geographic distribution of the ABC, with 770 t in the western area, 4,100 t in the central area, and only 1 t in the eastern area, which is combined with other slope rockfish in that area for orderly fishery management concerns.

In the SAFE the stock assessment authors indicates that a study of the northern rockfish fishery for the period 1990-98 showed that an estimated 89% of the catch was taken from just five relatively small fishing grounds: Portlock Bank, Albatross Bank, an unnamed bank south of Kodiak Island that fishermen commonly refer to as the "Snakehead", Shumagin Bank, and Davidson Bank. In particular, Snakehead was the most important fishing ground, as it accounted for 46% of the catch during these years. The SSC requests examination of this fishery feature to determine if there is any biological significance.

SHORTRAKER, ROUGHEYE, and OTHER SLOPE ROCKFISH

The SSC accepts the SAFE authors' estimate of biomass as an unweighted average of the last three trawl surveys, where data from above 100m depth is removed to exclude juvenile fish, which are not part of the exploitable biomass. The SSC concurs with the authors' and Plan Team's determination of ABCs for shortraker and roughey, using a tier 5 method for shortraker where $F_{ABC} = 0.75M = 0.023$ and a tier 4 method for roughey with a precautionary and conservative $F_{ABC} = 0.025$.

The ABCs, if taken individually, would be 753 t for shortraker and 1007 t for roughey. The SSC continues to be concerned with lumping these two species into one ABC. Acknowledging that observer coverage is inadequate to monitor the individual species catches, the SSC accepts a joint ABC provided that the joint ABC is set conservatively to guard against excessive harvests of either species. Presently, shortraker rockfish appear to be favored in commercial landings. The SSC recommends that the lumped

ABC equal the ABC for shortraker adjusted upward to account for the expected proportion of shortraker catch relative to total catch for shortraker and rougheye combined. That is, the total ABC = 753/P, where P = the proportion of shortraker/rougheye 2000-2002 average catch accounted for by shortraker. Where P = 0.57, the combined ABC is 1,318 t. The SSC concurs with the geographic apportionment of the ABC as 19.0% (254 t) to the western area, 49.7% (656 t) to the central area, and (408 t) 31.2% to the eastern area.

The ABC determination recommended by the SAFE authors and Plan Team for other slope rockfish is acceptable to the SSC, such that the total ABC is 3,900 t, apportioned to the western, central, and eastern areas as 40 t, 303 t, and 3,557 t, respectively. The SSC concurs with the further subdivision of the ABC for the eastern area into separate ABCs of 128 t for the West Yakutat area and 3,429 t for the East Yakutat/Southeast Outside area.

PELAGIC SHELF ROCKFISH

Assessment of the pelagic shelf group was improved this year with use of a refined model for light dusky rockfish, and the SSC agrees with the Plan Team decision to use the model derived biomass estimates in a tier 3a calculation of $F_{ABC} = F_{40\%} = 0.123$. The corresponding ABC level for light dusky rockfish is 4,000 t and the OFL, where $F_{35\%} = 0.153$, is 4,900 t. The SSC accepts the tier 5 ABC calculations for yellowtail, widow, and dark dusky rockfish ($F = 0.75M = 0.0675$), resulting in a combined ABC of 470 t and OFL = 670 t ($F = M = 0.09$).

The SSC concurs with the geographic apportionment of the ABC to the western, central, and eastern areas as 8.3% (370 t), 67.3% (3,010 t), and 24.4% (1090 t), respectively. This apportionment is based on a weighting scheme of the past three surveys (1999, 2001, and 2003) of 4:6:9.

The SSC notes that the calculations for further apportionment of the eastern section into west Yakutat and Southeast Outside areas is based on biomass estimates with high variance and of uncertain reliability. The actual survey biomass estimates for the west Yakutat area in 1990, 1993, 1996, 1999, and 2003 are 4,756, 3,989, 10,211, 442, and 1,513 t, respectively. These data were provided separately at the December meeting to augment Table 10-2 in the GOA SAFE. The data listed under "Yakutat" in that table are apparently combined data for the east and west Yakutat areas. The SSC requests that data tables in future SAFE reports include separate values for areas where apportionments are recommended. Noting that the time series for biomass in the west Yakutat area indicates a declining trend, the SSC concurs with the recommendation for a somewhat more precautionary apportionment method than the one used last year (upper 95% confidence interval), and supports the ABC based on apportionment of 19% of the eastern GOA to the west Yakutat area based on a weighted average of the past three surveys.

DEMERSAL SHELF ROCKFISH

The biomass estimate for this complex is based on the biomass for yelloweye rockfish. The SSC agrees with the precautionary use of a lower F (= 0.02) than the maximum permitted ($F = 0.023$) under the tier 4 designation, given the particular vulnerability of demersal shelf rockfish to overfishing. The calculated ABC of 450 t takes into account that an estimated 10% of the available biomass is composed of species other than yelloweye. The OFL fishing mortality rate under Tier 4 is $F_{35\%} = 0.031$. Adjusting for the 10% of other species in the complex gives an overfishing level of 690 t.

The SSC agrees with the Plan Team and SAFE authors that there needs to be a full accounting of mortality that includes removals by the recreational fishery, and requests that appropriate steps be taken to accomplish this.

SHORTSPINE THORNYHEAD ROCKFISH

The Plan Team and SAFE authors agree that the available data, particularly age data, are inadequate to support the use of the age-structured model presented in the SAFE. **The SSC concurs with this position, and supports the tier 5 calculation using the average of the two most recent survey biomass estimates, $F = 0.75M = 0.0025$, and $F_{OFL} = 0.03$. The resulting ABC and OFL levels are 1,940 t and 2,590 t, respectively. The SSC concurs with the area apportionments of the ABC as 407 t, 1,009 t, and 524 t to the western, central, and eastern areas, respectively.**

ATKA MACKEREL

Variation in distribution or productivity of a species at the periphery of its range has different management implications than variation of a similar magnitude at the center of the range. At the periphery of a species range, small variations in the natural environment may exceed the tolerance of the species and cause large rapid changes in local population size and distribution. In contrast, changes of similar magnitude in the center of the species range may be within the limits of tolerance of the species and therefore may result in little or no change in productivity. Recognizing the above relationships, the SSC recommends that, where possible, the assessment teams differentiate stocks or portions of stocks at the periphery of their ranges.

In the case of Atka mackerel in the Gulf of Alaska, it is not known if the stock is at the periphery of the BSAI stock or a stock in its own right. **Consequently, the assessment scientists and GOA Plan Team have developed a conservative approach in which the ABC is set at 600 t to provide for unavoidable bycatch. This level is far below the maximum permissible level of 4,700 t, from a Tier 6 calculation of 75% of average catch between 1978 – 1995. The OFL is that average catch of 6,200 t. The SSC concurs with this approach.** Nevertheless, there should be research efforts to determine whether GOA Atka mackerel is the same stock as BSAI Atka mackerel. Whether this is true or not, an alternative assessment strategy should be evaluated, in which the combined GOA and BSAI is assessed and then partitioned into components, similar to the way assessment is done for sablefish. There are obvious difficulties with this approach, because it has not been possible to estimate GOA biomass from the bottom trawl survey. Nevertheless, it may be possible to develop an expansion factor for the combined stock from the data in the two areas.

SKATES

As articulated in our October 2003 minutes the SSC supports the separation of skates from the “other species” group. Their unique life history characteristics (longevity and very low fecundity), vulnerability to overexploitation, and recent development of a target fishery are sufficient reasons for the separation.

The 2004 SAFE summarizes available survey and fishery data and other information available for skates in the GOA. The SSC remains particularly concerned about the recent concentration of harvests from the Central GOA Management Area. While skate harvests appear to be increasing, accurate enumeration of

total skate harvest by species is problematic owing to a large proportion of harvests from unobserved small vessels. Limited catch sampling data suggest that the fishery may be disproportionately focusing on big skates and, in particular, large females in the Central GOA. Skate stock structure is unknown, and virtually no information is available on age, growth, and other life history traits. For these reasons, precaution is warranted despite an increasing trend in skate biomass since the mid 1980s.

The SSC supports the assessment authors' and plan team's recommendation to place skates into Tier 5 for management purposes. Reasonable estimates of M are borrowed from related elasmobranch species.

The stock assessment authors and plan team have divergent recommendations about establishment of ABCs and OFLs. For the two large *Raja* skates, big skate and longnose skate, the assessment authors recommended 6 separate ABCs and OFLs – one for each of the three areas (Eastern GOA, Central GOA, Western GOA) for each of the two species. For all remaining *Bathyraja* skates, the authors recommended a gulf-wide ABC and OFL. On the other hand, the plan team recommended combined big-longnose skate ABCs for each of the three areas, a gulfwide ABC for other skates, and a combined gulf-wide OFL for all skate species. The differences reflect the difficulty in reconciling desires to establish stock-specific harvest controls with the lack of reliable catch and bycatch data on a species-specific level needed for their implementation. The SSC struggled with these same issues.

As an interim approach, the SSC recommends the establishment of two sets of ABCs and OFLs. The first group includes both big and longnose skates in the Central GOA: ABC = 4,435 (2,463 + 1,972, see p. 719 of SAFE) and OFL = 5,914 (3,284 + 2,630). The second group would include big and longnose skates in the Eastern and Western GOA plus *Bathyraja* skates gulf-wide: ABC = 3,709 and OFL = 4,945. The SSC believes that this breakout plus one other measure (described below) would be a practical, albeit imperfect, way to address immediate management concerns in the Central GOA, given current data limitations. Though the SSC does not advise the Council on specific TAC levels, the SSC urges the Council to be precautionary in TAC setting for the Central GOA for reasons previously stated. The plan team proposed one such TAC.

In addition to these ABC and OFL recommendations, the SSC strongly recommends that no directed fishery be allowed for skates until a data collection plan is submitted by the industry and approved by the Council. The primary data collection need is the collection of accurate skate species composition data so that harvests of big skate, longnose skate, and *Bathyraja*-species complex can be monitored relative to their individual biomass levels. Means to collect these data could include onboard observers, video recording of longline catches (perhaps using systems similar to those developed in British Columbia), logbooks, dockside sampling, or some combination of these. Also, an ability to collect representative samples of age, weight, length, and sex data is important to characterize the fishery removals from the stocks. These recommended data-collection requirements are necessary owing to the significant portion of the skate catch that is unobserved. A directed skate fishery should be allowed only if such a data collection program is approved and provided that annual bycatch needs of other fisheries have been safely accommodated.

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POLLOCK

EBS

The EBS pollock population continues to be strong, holding at near record levels of abundance. Current age 3+ biomass is estimated to be 11.0 million mt. The population continues to be supported by the

above average 1996 year-class and currently the 1999 and 2000 year classes appear slightly above average. The 2003 bottom trawl survey estimated a biomass of 8,510,000 t, an increase of 77% relative to the 2002 estimate and highest estimate in the time series. ABC is determined under tier 1a. This year's assessment uses an improved method to compute the maximum permissible ABC more consistent with Tier 1a formula and is based on the ratio between MSY and equilibrium age 3+ biomass corresponding to MSY. The harmonic mean of this ratio (0.233) is multiplied by the geometric mean of projected age 3+ biomass for 2004 (11.0 million t) to obtain the maximum permissible ABC for 2004, which is 2,560,000. This method is somewhat lower since uncertainty in the F_{MSY} and future stock size are both considered.

The SSC supports this method, which is more consistent with Amendment 56, tier 1a where the harmonic mean value is considered to be a risk averse policy when reliable estimates of F_{MSY} and its pdf (probability density function) are available. Using methods from previous assessments, the harmonic mean would be computed from an estimated pdf for the year 2004 yield under F_{MSY} rather than first finding the harmonic mean of F_{MSY} and then applying its value to the geometric mean of the 2004 stock size.

Projected 2004 spawning biomass is 4.08 million t, with F_{MSY} set at 0.47. **The SSC concurs with the Plan Team recommended ABC of 2.56 million t.** OFL levels for this stock are 2.74 million t at a fishing mortality rate (F_{OFL}) of 0.74.

The authors evaluated an alternative model (Model 2) that included an aging error matrix. The authors believe that the aging error matrix may bias the estimated age composition for large year classes. However, the SSC notes that an aging error matrix is included the GOA Pollock assessment and recommends that the authors include further analysis on this issue in the next assessment.

AI

This year's assessment compared 17 new models of AI stock west of 174 W. The SSC concurs with the Plan Team that there was insufficient time for review of these models and that they should not be used for management proposes at this time. SSC encourages further model development and believes it would improve our ability to fully assess this stock.

Recent research in the eastern and central Aleutian Islands suggests a major biogeographical boundary at Samalga Pass that is reflected in the physical and biological oceanography. Samalga Pass is the last area through which the Alaska Coastal Current passes. The information suggests a shelf ecosystem east of Samalga Pass and the biology and physics west of Samalga Pass suggest a more oceanic system. There may also be further biogeographical boundaries to the west where the Alaska Stream diverges from the Aleutian Island Chain. For assessing stocks it may be useful to employ these natural break points for the geographic bounds in stock assessment.

Aleutian Island pollock ABC is set using tier 5 procedures. The Aleutian Islands were not surveyed this year and the best available estimate is 175,000 t from the 2002 bottom trawl. **The SSC concurs with the Plan Team's Aleutian Islands pollock ABC set at 39,400 t.** This is based on a harvest rate of 75% of M where $M=0.30$, and biomass of 175,000 t estimated from bottom trawl survey. The 2004 OFL is identical to the 2003 OFL of 52,600 t.

Bogoslof:

The SSC disagrees with the Plan Team's recommended ABC. Under tier 5 the maximum ABC for the Bogoslof area is estimated to be 29,700 mt (Plan Team ABC recommendation) with a companion OFL of

39,600 t for 2004. Traditionally, the SSC has recommended down-weighting the ABC proportionately to the ratio of current to target stock biomass following the tier 3b procedure. The current stock biomass estimate resulting from the 2003 hydroacoustic survey is 198,000 mt, down from 227,000 in 2002. Previously, the SSC has estimated a B_{target} of 2 million mt. We treat the target biomass as a proxy for $B_{40\%}$. The $F_{40\%}$ level is set at 0.27, and thus the tier 3b adjusted F_{ABC} is 0.014. The calculations follow.

$$F_{\text{ABC}} = F_{40\%} \left(\frac{B_{2002}}{B_{40\%}} - 0.05 \right) / (1 - 0.05) = 0.27 \left(\frac{198,000}{2,000,000} - 0.05 \right) / (1 - 0.05) = 0.014$$

The resultant down-weighted ABC is 2,570 mt and an OFL of 39,600.

PACIFIC COD

This year's Pacific cod stock assessment was updated with new catch and size composition data from recent commercial fisheries and the bottom trawl survey. The SSC appreciates the authors' inclusion of a stock-recruitment relationship into this year's assessments, as requested.

Estimated spawning biomass for 2004 is 435,000 mt, up about 3% from last year's estimate for 2003 and down about 1% from last year's projection for 2004. Estimated spawning biomass slightly exceeds $B_{40\%}$, thus qualifying this stock for management under Tier 3a.

The SSC supports the authors' and team's recommendations to set the 2004 ABC = 223,000 mt, equal to the ABC levels in 2002 and 2003. This ABC equates to $F = 0.29$, which is 25% below the maximum permissible ABC corresponding to $F_{40\%} = 0.39$. The SSC agrees that this ABC adjustment is prudent given uncertainties in estimated values of natural mortality rate and survey catchability. The model estimates a dome-shaped selectivity curve, implying that significant amounts large cod are missed by the shelf trawl survey. The SSC also supports the use of the Tier 3a formula that sets OFL = 350,000 mt corresponding to $F = 0.47$.

As recommended by the plan team and as noted by the SSC in their minutes last year, a comparison of slope and shelf survey length composition data may provide insight into the reliability of the dome-shaped selectivity curve used in the model. Inclusion of new age data into the assessment is very worthwhile, as proposed by the team and author.

The ABC for BS/AI cod is not currently allocated by area. If the ABC were apportioned by the same multiplier used to expand the EBS assessment to the full BS/AI area, the ABC would be 191,000 mt and 32,000 mt for the EBS and AI areas, respectively. The team and authors were concerned that this apportionment may have implications on cod fishery management and allocation. The SSC believes that the ABC should be split among BS and AI areas, but we are not in a position to address the concerns expressed by the authors. Therefore, for the 2005 specification process, the SSC requests the authors to evaluate the methods used to split the ABC and their potential management implications, so that specific recommendations can be made to the Council on this issue in the future.

YELLOWFIN SOLE

The stock assessment this year is a straight-forward update of last year's assessment that includes new fishery and survey age composition and survey biomass. As was done last year, authors allowed survey catchability to differ from 1.0 and included a temperature effect. Spawner-recruit relationships were evaluated for considering a move from tier 3 to tier 1 but these relationships require further evaluation.

The SSC supports the plan team Tier 3A recommendation for 2004 ABC and OFL for yellowfin sole (mt) based on $F_{ABC} = 0.12$ and $F_{OFL} = 0.14$:

Age 2+ Biomass = 1,560,00 t
OFL = 135,000 t
ABC = 114,000 t

GREENLAND TURBOT

The stock assessment incorporated new fishery and survey data and an aggregated longline survey index. **Although the stock qualifies for Tier 3 management, the SSC concurs with the stock assessment authors and the plan team and recommends setting the ABC at a value lower than the maximum permissible because of concerns for continued stock decline and lack of substantive recruitment since 1982. The recommendation to set F_{ABC} equal to the 5 year average value of 0.07 was accepted. OFL is computed under Tier 3a with $F_{OFL}=0.32$. Area apportionments of ABC on the basis of relative survey biomass was accepted.**

Age 1+ biomass = 132,000 t
OFL = 19,300 t
ABC = 4,740

BS ABC = 3,162 t
AI ABC = 1,578 t

ARROWTOOTH FLOUNDER

The assessment this year provided new survey data and estimated shelf survey catchability as a function of annual bottom water temperature. It also used observed shelf survey sex ratios as a Bayesian prior for inclusion in the model used to derive population estimates. It is anticipated that additional age data would improve model fit. **The SSC concurs with the plan team recommendations of the maximum permissible ABC level allowed under Tier 3a with $F_{ABC} = 0.28$ and $F_{OFL}=0.36$.**

Age 1+ biomass: 696,000 t
OFL = 142,000 t
ABC = 115,000 t

ROCK SOLE

New fishery and survey data were incorporated into the assessment this year. Also, the authors used a prior of $q=1.4$ obtained from a trawl herding experiment. The effect of this prior in combination with other model information resulted in a posterior estimate of $q=1.45$. This resulted in higher biomass levels than last year but lower than previous estimates. Biomass is expected to decline over the next few years. **The SSC concurred with a Tier 3a calculation of ABC and OFL for this stock using $F_{ABC} = 0.17$ and $F_{OFL} = 0.21$ and continued evaluation of spawner recruit relationships for movement to Tier 1.**

Age 2+ biomass = 1,160,000 t
OFL = 166,000 t
ABC = 139,000 t

FLATHEAD SOLE

The assessment incorporated new survey information and also investigated a relationship between temperature anomalies and survey biomass anomalies. Survey catchability was modeled as a function of temperature. **The SSC concurred with Tier 3a calculations of OFL and ABC for this stock for 2004 using $F_{ABC} = 0.30$ and $F_{OFL} = 0.37$.**

Age 3+ biomass: 505,000 t
OFL = 75,200 t
ABC = 61,900 t

ALASKA PLAICE

The model this year was changed slightly to have a starting year of 1975 instead of 1971 and changed the age of recruitment into the model from age 1 to age 3. New survey and fishery catch information were also added. The main change to the model was the addition of a matrix to convert numbers at age to numbers at length, which allows the authors to input length data from the fishery. There was a large change in the age at 50% selection in the fishery selectivity curve from 8.5 to 10.3 years, which results in a doubling of the value of $F_{40\%}$ from last year's assessment (0.28) to this year's assessment (0.57). No correlation between survey catchability and temperature was found for this stock. The biomass for this stock has leveled off from the peak biomasses observed in the early 1980's. **The SSC concurred with a Tier 3a calculation for 2004 OFL and ABC levels based on $F_{ABC} = 0.57$ and $F_{OFL} = 0.78$.**

Age 3+ biomass: 1,050,000 t
OFL = 258,000 t
ABC = 203,000 t

OTHER FLATFISH COMPLEX

This complex consists of Dover sole, rex sole, longhead dab, Sakhalin sole, starry flounder and butter sole in the EBS and Dover sole, rex sole, starry flounder, butter sole, and English sole in the AI. Starry flounder, rex sole, and butter sole comprise the majority of landings. The SSC encourages a more thorough evaluation of seasonal distribution of butter sole in the Bering Sea from historical winter survey data. The continued evaluation of species-specific natural mortality rates that was recommended by the SSC last year is still encouraged. The assessment incorporates new catch and survey information. The 2003 survey indicated an 8% decrease from the 2002 survey estimate. **The SSC agreed with a Tier 5 calculation for this complex for 2004 ABC with $F_{ABC} = 0.20$ and an F_{OFL} value of 0.20.**

Age 1+ biomass: 90,300 t
OFL = 18,100 t
ABC = 13,500 t

ROCKFISH

General Considerations

See related section in GOA Groundfish Specifications.

PACIFIC OCEAN PERCH (POP)

The 2003 assessment is an update of last year's where the significant changes are just the addition of 2002 catch and survey data. **The SSC agrees with the Plan Team and the SAFE authors that the data warrant a tier 3b calculation resulting in the OFL = 15,800 t, the ABC = 13,300 t. The SSC concurs with the ABC area apportionment recommended by the Plan Team and SAFE authors: 2,128 t to the eastern Bering Sea, 3,059 t to the eastern Aleutian Islands, 2,926 t to the central Aleutian Islands, and 5,187 t to the western Aleutian Islands.**

NORTHERN ROCKFISH

New this year was the first application by the SAFE authors of an age-structured model to the BSAI northern rockfish stock. **The SSC concurs with the Plan Team that we now have reliable estimates of $B_{40\%}$, $F_{40\%}$, and $F_{35\%}$, and therefore support tier 3 designation. Given that female spawning biomass exceeds $B_{40\%}$, the tier designation is properly 3a. The SSC agrees with the calculated area-wide ABC of 6,880 t and area-wide OFL of 8,140 t, but disagrees with disaggregation into separate ABCs for the eastern Bering Sea and the Aleutian Islands. The SSC bases this decision on genetic information summarized by Dr. Paul Spencer that found little evidence for genetic differentiation into separate stocks, and the view by Dr. Spencer that the eastern Bering Sea is a fringe segment of the population.**

Given the small sample size upon which the genetic determination was made, the SSC requests that additional genetic analysis be conducted to achieve a more solid basis for apportionment determinations.

SHORTTRAKER AND ROUGHEYE ROCKFISH

Shortraker and rougheye rockfishes were split out from the other red rockfish group in 2003 and an assessment model was used for the first time for these species in the BSAI. The assessment includes a Kalman filter procedure for incorporating observations and variances associated with the multiple data sources used in the analysis. Because the Kalman filter is unfamiliar to members of the Council family, it may be advantageous to highlight the potential advantages and limitations of this application of the Kalman filter during the October 2004 review of innovations to the stock assessment models.

The SSC agrees with the Plan Team and SAFE authors' recommendation for separate tier 5 calculations of ABC and OFL for shortraker and rougheye rockfishes in the BSAI area. This agreement is based on the expectation that the observer program will adequately account for catches of the individual species. The ABC and OFL levels for shortraker are 526 t and 700 t, respectively, and 195 t and 259 t for rougheye, respectively.

The SSC recommends that additional genetic analysis be undertaken to more fully investigate the potential segregation of these species between the Aleutians and the eastern Bering Sea.

OTHER ROCKFISH

Complexity of this group was reduced from 28 species to 8 by the removal of 20 species that were encountered only infrequently in survey trawls and in commercial catches. Recognizing that shortspine thornyheads comprise the vast majority of the commercial removals for this group, the SAFE authors' recommend splitting out this species. The SSC agrees with the Plan Team to not make this split at this time, and that this proposal be brought forward early on in the 2004 SAFE process to allow adequate review and public comment.

The SSC concurs with the Plan Team that, lacking new survey data, the assessment is the same as last year, with separate ABCs and OFLs for the eastern Bering Sea and the Aleutian Islands based on tier 5 calculations. The reference points are $F_{ABC} = 0.75M = 0.053$, and $F_{OFL} = M = 0.07$. The ABC and OFL values are 960 t and 1,280 t in the eastern Bering Sea, and 634 t and 846 t in the Aleutian Islands, respectively.

ATKA MACKEREL

The authors updated the assessment model with more recent data and performed sensitivity analysis related to estimates of catchability and natural mortality. They concluded that a model with fixed values of catchability and natural mortality should be used. The model estimates 2004 spawning biomass to be slightly greater than the target $B_{40\%}$ level and the 1998 and 1999 year-classes appear to be relatively strong.

Therefore the stock qualifies for management under Tier 3a, and the resultant ABC is 66,700 mt, from the $F_{40\%}$ value of 0.67. The corresponding OFL from Tier 3a is 78,500 mt, from the $F_{35\%}$ value of 0.83. ABC is partitioned into subareas using a weighted average of the 4 most recent survey estimates, resulting in the following ABCs: 11,240 t in the EBS/Eastern AI, 31,100 t in the Central AI, and 24,360 t in the Western AI. The SSC concurs with these estimates.

SQUID AND OTHER SPECIES

Squid. Reliable biomass estimates do not exist for squid, but catch data are reliable. So, the SSC agrees with the authors' and team's recommendations for management under Tier 6. OFL is set equal to average catch over 1978-1995, and ABC is set equal to 75% of this value. The SSC supports the recommended ABC = 1,970 mt and OFL = 2,620 mt.

Other species. The "other species" group includes sculpins, skates, sharks, and octopi. The SSC believes that reliable biomass estimates exist for sculpins and skates, but remains somewhat wary of biomass estimates for sharks and octopi. Therefore, the SSC recommends a mix of Tier 5 and Tier 6 management for the other species group, rather than Tier 5 management for all other species as recommended by the plan Team. Also, the authors and Team recommended specification of ABCs and OFLs by group (i.e., one specification for sculpins, another for skates, etc.), however it is the SSC's understanding that such group-level specifications would not be compliant with the current FMP. Thus, the SSC recommends one set of ABCs and OFLs for the other species complex.

In 1998 the SSC recommended Tier 5 procedures for specification of other species ABC involving multiplication of the natural mortality rate by estimated biomass. At the time, this shift in methodology would have indicated nearly a 4-fold increase in maximum allowable ABC. The SSC was uncomfortable with such a large increment and implemented a 10-year stair-step process to gradually change the ABC. We are currently in the 6th year of this stair-step process.

The following table shows the SSC's ABC and OFL computations for other species. For sharks and octopi, average catch over 1992-2002 come from Table 16-11 of the SAFE document. For skates and sculpins, the SSC debated simply adding together the latest biomass estimates from the most recent surveys from each area: 2003 EBS shelf survey, 2002 slope survey, and the 2002 AI survey. However, the SSC ended up endorsing the plan team's biomass estimation procedure (summarized on page 27 of the SAFE) based on the most recent 10-year average biomass estimates from the EBS shelf and AI plus the latest (2002) EBS slope survey, which was conducted just once in the last 10 years.

<u>Species</u>	<u>Biomass</u>	<u>M</u>	<u>OFL</u>	<u>Max ABC</u>
Sculpins	212,000	0.15	31,800	23,800
Skates	484,000	0.10	48,400	36,300
Sharks			579	434
<u>Octopi</u>			<u>371</u>	<u>278</u>
Total			81,150	60,812

The stair-step procedure computes the proportion of the difference between the 1997 other species ABC (25,800) and the current estimate of the maximum ABC (60,812) and then adds that amount to the 1997 ABC. Thus, the SSC recommends setting the other species ABC as 46,810 mt (25,800 + (6/10)*(60,812-25,800)). The SSC recommends OFL to be the sum of the Tier 5 and 6 estimated OFL values or 81,150 t.

The SSC agrees with the plan team recommendation to place these other species into bycatch-only status. In addition, the SSC recommends not permitting directed fisheries for other species without an industry-proposed, Council-approved data collection program that minimally provides accurate data on location of catch, total fishery removals by species, and opportunities for biological sampling of the catch for age, length, weight, and sex. Finally, the SSC recommends initiation of a FMP-amendment process to allow setting of group-specific (one for each of the four groups) ABCs and OFLs rather than complex-wide specifications.

ECOSYSTEM CONSIDERATIONS SECTION

Pat Livingston (AFSC) presented a summary of the Ecosystems Chapter to the SSC. No public testimony was offered. As has been the case since its inception in 1995, the Ecosystem chapter has grown in the amount of both qualitative and quantitative data, and the SSC applauds the effort. The summary of indicators included in the chapter was especially helpful. A noteworthy addition is the new Ecosystem Assessment section that synthesizes data to predict ecosystem effects. Because the Ecosystems chapter is useful in providing a broad context in which to place the species accounts of the SAFE documents, the SSC will begin with it in future discussions of the SAFEs.

The Ecosystems Chapter for 2004 adds to an on-going collection of useful summaries of the state of the GOA and BS/AI ecosystems and the expected effects of fisheries actions on these ecosystems. The section begins with a tabulation of ecosystem status indicators and then discusses the status of the physical and biological systems of each region. The report assembles a tremendous amount of data from a variety of disciplines from climatology to marine mammals, and provides an entrée into the growing literature on the ecosystems of these regions.

The Ecosystem chapter has multiple objectives and, now that the amount of information included is much more extensive, failure to explicitly differentiate among the objectives makes the document less useful than it could be. One objective is to bring time series of physical and biological factors to the attention of single-species analysts. Clearly they would be most useful in electronic form and the SSC encourages continued efforts to identify and make available electronic versions of time series data to the individual species authors. The introduction (page 11) points to a concern: a great deal of time and effort goes into the production of the Ecosystems Considerations Section, yet it is uncertain how it will be used. It is imperative to work toward incorporating this information into the setting of the ABCs. The SSC strongly encourages the ongoing effort to incorporate these data in the individual chapters. A good example is in the Bering Sea SAFE where flatfish assessments use water temperature as a covariate for survey biomass estimates. However, the data could be used more effectively in other assessments. For example, in the GOA pelagic shelf rockfish assessments, a consideration of long term water temperature changes would

have been interesting in relation to the change in species composition of the survey and the increase in silvergray rockfishes.

Condensing the document and emphasizing summaries and syntheses could increase its utility. At present the report contains a mix of detailed results of data compilations, reports on studies yet to be commenced, and evaluations of the impacts of fishing activities. This mixture makes for hard reading and the loss of emphasis on the important changes or conditions. Because the present document is the amalgamation of many separate reports, interpretations differ from one report to another, potentially leaving the reader confused. For example, the issue of regime shifts was the focus of one report, and was mentioned as an explanation of various changes throughout the chapter. Unfortunately, chapter authors were inconsistent in their consideration of regime shifts and in their characterization of timing and attributes of regime shifts, leaving a confused impression. A carefully edited document that provides not only the dominant view, but also the differences of opinion would have been helpful. Perhaps more clear guidance to authors of individual sections on what is to be included and discussed would make a more cohesive document.

The SSC agrees with and encourages the planned work for future Ecosystems chapters to continue to develop multispecies models, food webs and mass balance models, regime shift scenarios, more informative methods of summarizing ecosystem indicators, and improvements to ecosystem data for target species authors, e.g., food webs centered on target species. The models being developed in the Ecosystem Assessment section have not been used previously in the SAFEs. The SSC would like to review the modeling approach and requests a detailed presentation on the models at a future meeting.

The SSC recommends that time series on zooplankton abundance in each of the major fisheries areas be identified and included. These should be stabilized in terms of methodology, location and season of sampling. Addition of zooplankton data to the annual or biannual trawl surveys would help to provide a link between water temperature, primary production and the abundance of food for larval and juvenile fish. Its omission in the indicator summary is a major hole in our assessments of the marine ecosystems under management. The SSC suggests that PICES Continuous Plankton Recorder data may be available and should be included.

The discussions of forage fish need to recognize two groups of fish - the officially designated forage fish group, and a second grouping that include age-0 and age-1 pollock. Also, adult herring are not forage for seabirds. However, they are potentially forage for pinnipeds, cetaceans and large upper trophic level fish.

It would be useful to expand the marine mammal section to include discussions of declines of sea otters and harbor seals. While the emphasis in the NPFMC arena has been on SSLs there have been equally severe declines in sea otter and harbor seal populations in portions of their ranges in Alaska. The spatial relationships of the declines have been similar in most cases. The possibility that these declines are somehow related needs to be considered. Sea otters are well known for their impacts on the nearshore community and the current low abundance in the Aleutian Islands has resulted in an increase in sea urchins and concurrent reduction in the kelp forest. The kelp forest is thought to be important fish habitat, particularly for juveniles of some species.

The section on reasons for decline in marine mammals needs far better balance with brief mention of declines and of the several hypotheses that have been put forward. No one hypothesis is clearly right and no one clearly excluded. We will make better progress when we use multiple working hypothesis approach and when we look at the various regions with different SSL population trajectories separately. And, in looking at the marine mammals, observations from other taxa, including marine birds with similar diets should be brought in. It is better not to address reasons for marine mammal declines or seabird declines unless it is done sufficiently evenhandedly that the reader knows what the alternative hypotheses

are. Reading this section, it appears that direct and indirect competition with fisheries is the only hypothesis.

In general, the bird and mammal sections might be more powerful if they were shorter and focused on the issues of greatest concern. Most of the other material is available in other reports or could be in appendices, if needed for backup. A few time-series graphs and some discussion of how trends varied geographically might be most helpful. As it is, there is too much detail- e.g., 6 pages of tables on incidental take of seabirds, with no information on the relation of the take to the population size. The overall conclusion that this source of mortality of seabirds is trivial except a few cases that should be pointed out.

Specific comments and suggestions

Under the EBS summer temperature indicator, it would be worthwhile to specify the age class of pollock involved, because the implications of the distribution of age-1 versus age-3+ are quite different.

Under interpretation of EBS sea ice extent, an important aspect is the timing of the spring bloom and the water temperatures in which zooplankton must try to graze the bloom.

A simple, but non-trivial improvement would be to number figures and tables sequentially throughout the document. Since most often hard copies will be in black and white, be certain that essential information can be seen in figures. In many the scale was such that features of importance could not be seen or variations in screens were not detectable.

In the marine mammal section, the incidental take information needs to be clarified. In the Stock Assessment reports for marine mammals, incidental take is reported as it is here but additional caveats regarding observer coverage etc were not included. Also, PBR is not the only threshold of marine mammal take in commercial fisheries; the Zero Mortality Rate Goal (ZMGR) should be discussed.

Page 33, fig 2: Where are these strata? GOA, EBS, AI?

Page 39 second paragraph: The negative trend is not obvious, depending on the years selected. Put in a trend line and do statistics.

Page 44 middle: These temperatures are probably above those preferred by capelin; how do they compare with what age-1 pollock like? Where possible, relate the physical findings to their biological implications.

Page 63, Fig 2: Try a lagged correlation or a cross-correlation analysis to see when toxin appears in shellfish compared to when the HAB is found in the water column.

Page 107, fig 1: Include a graph for age-1 pollock, even though it is not officially a "forage fish" it plays an important role in providing forage. It might be useful to plot capelin versus bottom temperature.

Page 110: Herring seem to be acting much like pollock, with big year classes shortly after the 1976 regime shift.

Page 125, Fig 1, top: what caused the 1991 drop in pollock biomass? In the GOA, even though biomass was stable from 1985 to 1993, wasn't there a big change in species composition?

Page 126, top: Why not use bottom trawl survey data for estimates of halibut in the EBS?

Page 126, middle: since wind forcing may be an important variable, shouldn't there be one or more indices of wind forcing for the EBS?

Page 130, Fig 5. It appears that EBS pollock spawner recruit anomalies were in phase between the EBS and the GOA from 1977 to 1990, and then were out of phase. Any ideas why and what the implications might be?

Page 136, Fig 2: What are the age-classes being graphed? Please put this in the legend.

Page 154, top: The two years with anomalously high dogfish numbers were both warm years. With a warming EBS, will we see more dogfish?

Page 142-153 and pages 159-168: Way too much detail for an overview document. This needs to be in a separate report, or in an Appendix.

Page 249, middle: Are these changes in bycatch indicative of a change in the stocks of the prohibited species or changes in fishing practices?

Page 287: need to define the predator and what it takes as forage. As above, not all forage fish are used by all predators.

Page 298, birds: As stated above, what is the population-level significance of 4,000 dead birds?

Page 303, near top: Do you mean species or stocks of crabs? Are Pribilof Island and St Matthew blue king crab different species?

D-1 GOA/BSAI SAFE: Economic Status

Although the SSC did not receive a staff presentation on the SAFE appendix "Economic Status of the Groundfish Fisheries off Alaska, 2002", we engaged in a brief discussion regarding the content, history and possible future evolution of the appendix.

The Economic SAFE document contains a useful summary of the limited economic data collected regarding Alaska Region fisheries. The compilation of these data in a consistent and readily accessible time series provides a valuable characterization of trends in landings, prices, revenues, consumption, effort, number of participating vessels, employment, and key economic indicator variables. In addition, the appendix included sections on regional economic information and fishing capacity and capacity utilization. Regrettably, with the exception of these latter sections, the Economic SAFE is largely lacking in analysis. Frankly, the Economic SAFE suffers in comparison with the Stock Assessment and Ecosystem appendices.¹

There are two root causes of the limitation of the Economic SAFE: firstly, data on cost of production, locus of expenditures, and disposition of products is grossly simplified or sadly missing; secondly, data that are available have not been as fully exploited as they could be. There is a striking contrast between the level of investment in data collection and analysis relative to the assessment of stocks and modeling of population dynamics and the level of investment in data collection and analysis relative to the social and economic condition of the fishery. Absent the information derived from fishery surveys, observer reports, landings reports, and processor reports, it would not have been possible for the stock assessments and

¹ We note in passing that there is not as yet a SAFE appendix to address the status and trends of social and demographic characteristics of the Alaska Region fisheries and suggest that the development of such a document be considered.

population models to have evolved to the level of sophistication that they presently exhibit. Absent a requirement that mandates a regular reporting of the level and cost of labor and other variable inputs, the locus of expenditures, disposal of products, etc, it is not and will not be possible to address regulatory requirements that stipulate an assessment of the net benefits and regional impacts of contemplated management actions. Without such analyses, EA/RIR/IRFA documents prepared in support of Council decision-making are deficient and open the door for legal challenge based on procedural inadequacies.

There are a number of studies that could be conducted using the available data. While information limitations may force the adoption of naïve structures and assumption in the initial models, starting with simple models and building towards more sophisticated models as additional information becomes available would mimic the maturation trajectory of the stock and ecosystem assessments. Towards this end, the SSC believes that it would be useful to perform a price analysis of each major species to identify the major market factors that affect the wholesale and exvessel prices as well as estimates of elasticities (or flexibilities) of demand, cross-price elasticities, income elasticities and total revenue curves. If information is particularly limited, simple reduced-form exvessel inverse demand equations could be estimated in lieu of more complex equation systems. Basic questions such as whether a species price is determined on the world market, largely invariant to Alaska landings, or whether prices are sensitive to Alaska landings would be a useful gauge of the potential sensitivity of total revenues and the distribution of total revenues to alternative management policies. At a minimum, in lieu of formal modeling, the qualitative structure of markets for important fish species should be described. Basic information as to what forms the products take (by major species), where the major markets are, and what the competing products are in the market place is needed. For example, the Council is being asked to consider actions related to the nascent fishery for skates. Public testimony asserted that the current exvessel price for skates is attractive relative to the exvessel price for other species, sufficiently so that they have become a target species. However, without information on the markets in which skates are sold and whether these markets are likely to remain strong in the long-term it is difficult to conclude that the Council has an appropriate foundation of information and analysis on which to base decisions regarding the development and management of a directed skate fishery.

Two of the highlights of the 2002 Economics SAFE are the sections on regional economic information and fishing capacity and capacity utilization. Although the regional economic information section reports some useful information, the lack of information on processor expenditures precludes the opportunity to devise a comprehensive impact analysis. Also missing was documentation on whether the multipliers for Kodiak were from the canned IMPLAN model or whether the Kodiak model was groundtruthed. The last section presents a rigorous model of the measurement of fishing capacity, capacity utilization and participation. These are very important measures when examining the effects of current or proposed fishery rationalization measures. However, the SSC strongly agrees with the authors that, once again, this study (and others) suffer from a lack of basic economic cost and performance data.

C-2 Observer Program

The SSC was unable to formally consider the draft EA/RIR for the establishment of a new observer program. The following are a couple of notes for the authors to consider as they prepare a revision to the document.

1. A fee based on the exvessel value of landed catch will have differential impacts on rationalized and derby fisheries. The effect in a derby fishery will be to reduce the profitability of participants, potentially leading to the financial failure of marginal participants. The effect in rationalized fisheries will be a reduction in the capitalized value of the IFQ/Co-op permit.

2. A fee based on the exvessel value of landed catch is equivalent to a landings tax. Taxes on market transactions affect both the buyer and the seller no matter which faces the statutory burden. The incidence of the tax depends on the elasticity of exvessel demand and the elasticity of supply. It is reasonable to characterize the exvessel demand for groundfish as relatively elastic and to characterize the elasticity of supply as relatively inelastic. Consequently, the burden of the fee will fall mostly on the harvester. That is, a fee based on exvessel revenue is likely to reduce the earnings of harvesters and have a relatively small effect on the earnings of processors.

D-1 Halibut Discard Mortality Rates

Gregg H. Williams gave the SSC a presentation on Alaska Groundfish Fisheries discard mortality rates. Upon examination, these rates were determined to be stable and we endorse their use for 2004-2006.

North Pacific Fishery Management Council
Advisory Panel Minutes
Anchorage Hilton Hotel
Anchorage Alaska, December 8-11, 2003

The following members were present for all or part of the meeting:

John Bruce	Mitch Kilborn
Dave Boisseau	Kent Leslie
Craig Cross	Tracey Mayhew
Tom Enlow	Sandra Moller
Dan Falvey	Kris Norosz
Lance Farr	Eric Olson
Duncan Fields	Jim Preston
Dave Fraser	Michelle Ridgway
Bill Jacobson	Jeff Steele
Teressa Kandianis	Jeff Stephan

C-2 Observer Program

The AP recommends the preliminary draft analysis be forwarded to the OAC for review with the following additions:

1. Add an alternative increasing observer coverage at shore-based plants in target areas.
2. Include an estimate of necessary coverage levels and costs for each fishery contained in an alternative prior to final action.
3. Include an evaluation on technology based coverage and fisheries where it may be applicable
4. A table showing current observer requirements and standards for both CDQ and non-CDQ fisheries.
5. Potential modification of current requirements to accommodate vessels $\leq 60'$ prior to final action.

Motion passed 19/0.

C-3 IRIU

The AP recommends the Council accept the recommendations of the IRIU committee with the following changes and corrections:

- Component 4: Add option 4.6 (80b) "all less one distinct and separate harvesters using the 10% threshold rule."

(The following refer to Amendment 80a)

- Recommend that the IRIU Technical Committee meet to discuss appropriate thresholds for a trigger to open fisheries when they become underutilized as discussed on page 32 of the action memo. The Committee should also identify issues associated with opening fisheries to other than historic users. (This would become component 14.)

Motion passed 18/0/1

- Add a section 4.2: Sector allocations can be based on a percentage rather than a set of years. *Motion passed 20/0*

➤ Component 8: Change existing suboption 8.1.1 to 8.1.1.1 adding the additional options:

Suboption 8.1.1.1 The <60' catcher vessels fixed gear (pot and hook and line) sector and jig sector combined allocation from TAC (after CDQ apportionment) is to be:

- a. 2%
- b. 3%
- c. 4%

8.1.1.2 Jig sector will receive an allocation from the TAC after CDQ apportionment

8.1.1.3 A. <60' pot and hook and line catcher vessel sector will receive an allocation from TAC after CDQ apportionment

B. <60' pot and hook and line catcher vessel sector will receive an allocation from the fixed gear sector TAC as is done under existing regulations.

Note: apportionments to the jig and <60' pot and hook and line sectors shall not collectively exceed

- a. 2%
- b. 3%
- c. 4%

Motion passed 20/0

C-4 Halibut Sablefish IFQ

The AP recommends initiating analysis on the actions recommended by the IFQ implementation committee with the following priorities:

Priority 1: Administrative changes

- Action 6 Medical transfer
- Action 5 Tighten 20% ownership requirement
- Action 9 PRR Change for bled sablefish

Priority 1: Allocation

- Action 1 Block program
- Action 2 Vessel Categories
- Action 3 Fish down

Priority 2:

- Action 10 Halibut season extension

Priority 3:

- Action 7 Pot discussion paper
- Action 8 Check in/check out
- Action 4 Forfeiture of unused QS

Motion passed 17/0

D-1 Groundfish Specifications

The AP recommends the Council approve the 2003 SAFEs and the EA for BSAI and GOA. *Motion passed 18/0.*

Gulf of Alaska

The AP recommends the Council adopt the SSCs ABCs and adopt the 2004 ABCs as 2004 TACs except for: (see chart for recommended changes)

Pacific cod:
 Shallow water flatfish
 Flathead sole
 Arrowtooth flounder
 Other slope rockfish
 Other species

The AP recognised that the data establishing an OFL and ABC for big and longnose skates in the Gulf of Alaska, as well as the bycatch and mortality data, is limited and would encourage improved data collection, with an immediate emphasis on bycatch and mortality data.

The AP recommends the Council adopt the following PSCs for the following:

2004 Hook and Line

1st trimester	Jan 1 - Jun 10	250 mt
2nd trimester	Jun 10 - Sep 1	5 mt
3rd trimester	Sept 1 - Dec 31	35 mt
<u>DSR</u>	<u>Jan 1 - Dec 31</u>	<u>10 mt</u>
TOTAL		300 mt (motion passed 19/0)

Trawl fishery categories

Season	Shallow Water	Deep Water	Total
Jan 1 - Apr1	450 mt	100 mt	550 mt
Apr 1 - Jun 29	100 mt	300 mt	400 mt
Jun 29 - Sep 1	200 mt	400 mt	600 mt
Sep 1 - Oct 1	150 mt	any rollover	150 mt
<u>Oct 1 - Dec 31</u>	<u>no apportionment</u>		<u>300 mt</u>
TOTAL			2,000 mt (motion passed 19/0)

The AP recommends the Council adopt the 2004/2006 revised Halibut discard mortality rates for the BSAI and GOA as noted in the attached charts. *Motion passed 18/0.*

Bering Sea and Aleutian Islands

The AP recommends the Council adopt the SSCs ABCs. Additionally, the AP recommends the Council adopt the following TACs as noted in the attached chart.

Additionally, the AP recommends the Council adopt the BSAI trawl and non-trawl PSC allowances rolling over the 2003 apportionments using the 2004 PSC levels. *Motion passed 18/0.*

Further, the AP recommends the Council:

1. approve a 2004 A season TAC of 15,000 metric tons for a directed pollock fishery in the Aleutian Islands Management area;
2. 15,000 tons be in excess of the 2 million ton cap if authorized by federal legislation; and
3. the NMFS implement such TAC by emergency rule and publish an interim TAC as soon as possible;
4. NMFS implement this action only if the relevant federal legislation is enacted;
5. Observer program and catch accounting requirements will mirror those of the CDQ and AFA observer and catch accounting requirements.

Motion passed 15/3/2

D-1 (a) BSAI TAC

Minority Report

The minority supports opportunities for growth and prosperity for people of the Adak region. However, we strongly oppose exceeding the 2 million metric ton cap to achieve economic development goals.

There is currently no scientific justification for breaking the cap. If the 2 MMT cap need be re-evaluated for biological reasons, then such an analysis should be undertaken through the appropriate process.

The 2 MMT cap, put into place in 1983, has remained paramount to ensuring sustainable fisheries, stable markets and healthy harvesting communities. The cap serves to bring industry, scientists and the broader Council Family together to rigorously debate balancing of economic and conservation priorities every year. The cap is keystone to this critical TAC-setting process.

Furthermore, the 2MMT cap is recognized nationally and globally as a distinguishing feature of the NPFMC. The minority opposes the proposed measure that would tarnish the NPFMC's brightest green star and erode the integrity of our management process.

Signed John Bruce, Jim Preston, Michelle Ridgway

D-2 Staff Tasking

The AP recommends the Council appoint the Halibut Charter IFQ Implementation committee and schedule the first meeting as soon as the proposed rule on halibut Charter IFQ is published. *Motion passed 17/0.*

Modified GOA Groundfish Rationalization Alternatives

Fixed gear catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2 Low	Alternative 2 High A	Alternative 2 High B	Alternative 3	Alternative 4
No Action	Harvester IFQ	Harvester IFQ with closed class of processors	Harvester IFQ with closed class of processors with processor linkages	Sector allocations with closed class of processors and processor linkage	Harvester IFQ/voluntary cooperative with processor allocation
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector	Shares allocated to individuals
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	Longline CV, Pot CV	fixed gear CV
	Voluntary Cooperative	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative	Voluntary Cooperative
	no processor delivery obligation	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 0-50% of harvest shares to qualified processors
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with PSC reduction	those that do not join co-ops fish open access with PSC reduction	those that do not join co-ops fish IFQs

Motion passed 10/9

Minority Report: We, the undersigned members of the AP, oppose the 0-50% range included in the fixed gear fleet Alternative 4. The fixed gear fleet has historically delivered to multiple processors during the qualifying period. Consequently, processor protection measures should be less severe than for other sectors which have a stable relationship with a single processor. The minority supports a 0-20% range for fixed gear vessels under Alternative 4. This range acknowledges differences between sectors and provides the public with a more realistic option for this sector. Signed: Dan Falvey, Sandra Moller, Eric Olson, Jeff Stephan, John Bruce, and Duncan Fields.

Modified GOA Groundfish Rationalization Alternatives

Trawl catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2A	Alternative 2B	Alternative 3	Alternative 4
No Action	Harvester IFQ/voluntary cooperative with closed class of processors	Harvester IFQ/voluntary cooperative with closed class of processors and processor linkage	Sector allocations with closed class of processors and processor linkage	Harvester IFQ/voluntary cooperative with processor allocation
	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector	Shares allocated to individuals
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative	Voluntary Cooperative
	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives(see section 3.1.1.3 Option 4)	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 0-50% of harvest shares to qualified processors
	those that do not join co-ops fish IFQs subject to closed class delivery requirement with PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with PSC reduction	those that do not join co-ops fish open access with PSC reductions	those that do not join co-ops fish IFQs

Motion passed 16/2

Modified GOA Groundfish Rationalization Alternatives

Catcher Processors

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2	Alternative 3
No Action	Harvester IFQ/voluntary cooperative	Sector Allocations
	Shares allocated to individuals by gear type <i>Motion passed 18/0</i>	Harvest shares allocated to individuals within sectors
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Voluntary Cooperative	Mandatory Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with PSC reduction	those that do not join co-ops fish open access with PSC reduction

**North Pacific Fishery Management Council
Advisory Panel
GULF OF ALASKA GROUND FISH RATIONALIZATION
ELEMENTS AND OPTIONS**

The AP recommends the Council adopt the following elements and options and the attached matrices, with new AP notations noted in reverse text.

1 Status Quo (No Action Alternative)

2 Harvest Sector Provisions

2.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat (WY))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt except for SR/RE and thornyhead rockfishes as ~~bycatch~~ secondary species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

Gear: Applies to all gear except jig gear—

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis.

Option 2. Gear would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at ___% of current harvest by species and area:

1. 125%
2. 150%
3. 200%

2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

Option 1. 95-01 drop 1

Option 2. 95-02 drop 1

Option 3. 95-02 drop 2

Option 4. 98-02 drop 1

2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes weekly processor report for Catcher/Processor sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the poundage of retained catch year (does not include meal)

Suboption: catch history for P. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

2.2.2 Eligibility

LLP participation

Option 1. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption 1. Any person who held a valid interim LLP license as of January 1, 2003.

Suboption 2. Allow the award of retained incidental groundfish catch history arising from the halibut and sablefish IFQ fishery.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

The Council requests NMFS RAM review LLP transfers and report on the frequency with which the transfers also include provisions governing catch history.

2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

Option 1. Status Quo –Federal TAC taken in federal waters and in state waters, during a ‘parallel’ fishery, plus state-water fisheries exist for up to 25% of the TAC for Pacific cod.

Option 2. Direct allocation of portion of TAC to fisheries inside 3 nm.

No ‘parallel’ fishery designation, harvest of remaining federal TAC only occurs in federal zone (3 – 200 nm); and

Council allocates _____ % of the TAC, by species by FMP Amendment, to 0-3 nm state water fisheries representing a range of harvests that occurred in state waters. This could include harvest from the status quo parallel fishery and the state waters P. cod fisheries. State waters fisheries would be managed by ADF&G through authority of, and restrictions imposed by, the Board of Fisheries.

Area or species restrictions:

Suboption 1. Limited to Pollock, P. cod, flatfish, and/or pelagic shelf rockfish (light and dark dusky rockfishes).

Suboption 2. Limited to Western, Central GOA management areas and/or West Yakutat.

Option 3. Parallel fishery on a fixed percentage (____ %) allocation of the federal TAC, to be prosecuted within state waters with additional State restrictions (e.g., vessel size, gear restrictions, etc to be imposed by the BOF).

Fixed allocation for:

Suboption 1. P. cod

Suboption 2. Pollock

Suboption 3. All other GOA groundfish species

Council requests that staff provide an analysis of catch data showing harvest inside 3 nm by gear, species, vessel size and area. The Council recommends that this issue be reviewed by the Joint Protocol Committee at its next meeting (tentatively identified as July 28/29 in Anchorage).

2.3 ~~Target~~ Primary Species Rationalization Plan

Primary ~~Target~~ Species by Gear

2.3.1 Initial Allocation of catch history

~~Option 1. Allocate catch history by sector and gear type Council Topic 1~~

Option 2. Allocate catch history on an individual basis

a. Trawl CV and CP:

Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

The deletion of Option 1 would show that the Council intends to provide individual allocations rather than simple sector divisions, which do not credit individual history.

2.3.2 Harvest share (or QS/IFQ) Designations

2.3.2.1 Vessel Designation of low producers and high producers in the fixed gear class.

Low producing vessels are:

Option 1. less than average harvest shares initially allocated by gear, species and area

Option 2. less than the 75th percentile harvest shares initially allocated by gear, species and area

High producing vessels are the remainder.

2.3.2.2 Harvest share sector designations:

~~Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP Council Topic 2~~

Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:

Actual amount of catch harvested and processed onboard a vessel by species.

Deletion of Option 1 would show that the Council intends to distinguish catcher vessel and catcher/processor shares. Catcher/processor shares would carry a processing privilege in addition to the harvest privilege.

2.3.2.3 Harvest share gear designations

~~Option 1. No gear designation~~

~~Option 2. Designate harvest shares as Longline, Pot, or Trawl~~

~~Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.~~

~~Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear~~

Option 1: Designate CV harvest shares as Trawl, Longline, and Pot

Option 2: Designate harvest shares and high and low producer fixed gear

Option 3: Designate CP harvest shares as CP trawl, CP longline, CP pot.

Identify option 1 and 3 as preferred provisions without options; retain option 2. *Motion passed 15/0*

2.3.2.4 Harvest Share Restrictions—Harvest restrictions apply to primary species only.

Harvest restrictions for primary harvest shares (or IFQ) may be used by other gear types except that:

Option 1: No restrictions

~~Option 2: Fixed gear harvest share (or IFQ) may not be harvested using trawl gear~~

~~Option 3: Pot gear harvest shares may not be harvested by longline or trawl gear~~

~~Option 4: Pot and longline harvest shares may not be harvested by trawl gear~~

Council Topic 3

The first of the above two sections (2.3.2.3) would establish the different sectors specified by alternatives in the Council alternatives table. Options 1 and 3 would be used to distinguish shares by gear type, which is likely necessary for the TAC setting process. Option 2 would establish the low producer/high producer distinction for fixed gear vessels that is used in Alternative 2.

The second of the sections (2.3.2.4) would establish restrictions on the use of primary species allocations of one gear designation by another gear type.

The proposed changes can be used to clarify the intention to establish gear designations and the limitations arising out of those designations.

2.3.2.5 ~~2.3.2.4~~ If a closed class of processor alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor shareholder (as applicable). Class B shares will be deliverable to any processor as authorized under this program.

Option 1. A shares be at the QS level and separable from B shares. *Motion passed 15/0*

Suboption: Processor affiliated vessels would receive their entire allocation as A shares. *Motion passed 15/3*

Option 2. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)

2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

~~Option 1. US citizens who have had at least 150 days of sea time~~

~~Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time~~

~~Option 3. Entities that have a US citizenship with 20% or more ownership~~

~~Option 4. Initial recipients of CV or CP harvest share~~

~~Option 5. US Citizens eligible to document a vessel.~~

~~Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted.)~~

Option 1: Individuals eligible to document a vessel with at least 150 days of sea time (apply to CV shares).

Option 2: Entities eligible to document a vessel that have a US citizen with 20% ownership and with at least 150 days of sea time (apply to CV shares).

The AP recommends that the following be preferred provisions without options: Motion passed 18/0

Option 3: Entities eligible to document a vessel (apply to CP).

Option 4: Initial recipients of CV or C/P harvest share.

Option 5: Community administrative entities would be eligible to receive harvest shares by transfer.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

Council Topic 5

The above section defines eligibility for purchase of harvest shares. The proposed changes address staff's request for clarification concerning US citizenship requirements. The Council should state whether these are intended to be options or if the Council has identified these as the preferred provisions concerning eligibility for share purchase. If these are the preferred provisions, the term "option" should be deleted from each provision.

2.3.3.2 Restrictions on transferability of CP harvest shares

~~Option 1. CP harvest shares maintain their designation upon transfer.~~

~~Option 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares convert to CV harvest shares.~~

~~Option 3. CP harvest shares maintain their designation after transfer for 5 years following implementation, after which time any transfer of CP shares convert to CV shares.~~

The AP selects Option 1 as the preferred provision. Motion passed 18/0

Option 1: CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares convert to CV harvest shares.

~~Option 2. Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares.~~

Council Topic 6

The above provisions identify two options for the redesignation of CP shares as CV shares. The two options as revised are clear. The Council should clarify whether it intends to select one of the two or both of the options as a preferred option.

2.3.3.3 Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

~~Option 1. all CP shares~~

~~Option 2. trawl CP shares~~

~~Option 3. longline CP shares~~

When CP shares are redesignated as CV shares:

CP harvest shares retain their gear designation upon transfer.

Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

Council Topic 6

The above provisions clarify the Council's intent for the redesignation of CP shares as CV shares. If adopted, this would be the Council's preferred option for applying CV designations. The provision would retain gear designations and allow the share holder to choose the designation that determines processor landing requirements and region.

2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by any processor are capped at:

- Option 1. initial allocation of harvest CV and CP shares.
- Option 2. 115-150% of initial allocation of harvest CV shares.
- Option 3. 115-150% of initial allocation of harvest CP shares.

~~2.3.3.5 Definition of sea time~~

~~—Sea time in any of the U.S. commercial fisheries in a harvesting capacity.~~

Council Topic 5

This provision is moved into 2.3.3.1 above.

2.3.3.6 Leasing of QS ("leasing of QS" is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program).

Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).

~~Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).~~ Motion passed 17/0.

Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.

Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.

~~Option 5. Sunset [CP CV] QS leasing provisions [3 5 10] years after program implementation.~~ Motion passed 17/0

Option 6. No leasing restrictions for the first three years. After this grace period, leasing will be allowed if the entity QS holder owns 100% 20% or greater of a vessel which made 3, 5, or 10 landings or 30% of the primary species shares held by the entity QS holder in at least 2 of the most recent 4 years. Motion passed 17/0

Council Topic 21

Option 6 would create a new limited leasing provision. This provision would allow leasing in the first three years of the program. Thereafter, leasing would be allowed on a limited basis for shareholders that used shares on a vessel owned by the shareholder.

2.3.3.7 Separate and distinct harvest share use caps

~~Vessel use caps on harvest shares harvested on any given vessel shall be set at two times the individual use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:~~

1. Apply individually and collectively to all harvest share holders in each sector and fishery.
2. Percentage-caps by species, by management area (motion passed 18/0) are as follows (a different percentage cap may be chosen for each fishery):
 - i. Trawl CV and/or CP (can be different caps):
Use cap based at the following percentile of catch history for the following species:

(i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

3. Conversion of CP shares:

i. CP shares converted to CV shares

Option 1. will count toward CV caps

Option 2. will not count toward CV caps at the time of conversion.

ii. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

Vessel use caps on harvest shares harvested on any given vessel shall be set at two times the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

Topic 17

Changes are in response to staff request for clarification of the provision. The Council might also consider whether ii. should be adapted to apply "high producing fixed gear" and "low producing fixed gear" caps. The deletion of "/or" clarifies that caps will be applied to both catcher vessels and catcher processors.

2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

i. All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.

Suboption 1. No owner on board restrictions.

The AP requests staff combine 2,3,4, and 5 into a single option. Motion passed 17/0

Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."

Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

Suboption 4. Shares acquired in the first five years by original issuee shall:

a) retain owner on board designation, and

b) be exempt from owner on board provisions as long as original issuee holds these shares

~~Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5-100% of the quota shares). See above NOTE~~

~~Suboption 5. "Owner on board" shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.~~

Suboption 56. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years) out of any 10 year period.

~~ii. Vessel categories for owner on board requirements~~

~~Option 1. No Categories~~

~~Option 2. Vessel Categories as follows~~

~~Vessels < 60'~~

~~Vessels >= 60' and < 125'~~

~~Vessels >= 125'~~

Topic 20

Revisions to i. are clarifications requested by staff. If remaining provisions are intended to be two options, the Council could clarify that by combining Suboptions 2, 3, 4, and 5 into a single option, while re-labeling Suboption 1 as a single option. Council should clarify which provisions would be combined to make a single working provision.

The deletion of ii. is in response to a staff request for clarification on how and whether the Council intended to apply vessel length categories.

2.3.3.9 Overage Provisions

A. Add a 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines. *Motion passed 17/0.*

i. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's annual allocation or IFQ. Underages up to 10% of ~~last trip~~ harvest shares (or IFQ) ~~will be allowed with an increase in the subsequent year's annual allocation (or IFQ).~~

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

ii. Longline and pot CV and CP:

Overages up to 10% of the last trip will be allowed with rollover provisions for ~~underages up to 10% of harvest shares (or IFQ).~~

~~greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year's annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).~~

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would

be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

- 2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:
Option 1. no retention requirements.
Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages
Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.
- 2.3.3.11 Limited processing for CVs
Option 1. No limited processing
Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed up to 1 mt of round weight equivalent of rockfish per day on a vessel less than or equal to 60ft LOA.
- 2.3.3.12 Processing Restrictions
Option 1. CPs may buy CV fish
Suboption. 3 year sunset
Option 2. CPs would be prohibited from buying CV fish
Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.
Suboption. Exempt bycatch amounts of these species delivered with flatfish.
- 2.4 Allocation of Secondary Bycatch Species
Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO shortraker, rougheye, and thornyhead rockfish.
- i. Allocation of shares
Option 1. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:
Suboption 1. based on average catch history by area and target fishery
Suboption 2. based on 75th percentile by area by target fishery
Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.
~~Suboption 2. Pro rata bycatch reduction allowances in open access fisheries reduced from historical bycatch rates at:~~
i. ~~5%~~
ii. ~~10%~~
iii. ~~15%~~

Topic 26

Deletion of suboption 2 would remove the secondary species reductions in the open access fishery under mandatory cooperative alternatives. This revision could be intended to recognize that secondary species have a landed value and are likely to be retained. PSC reductions would be made under the mandatory cooperative alternatives.

- Option 3. Bycatch allocations will be awarded to the owners of sablefish and halibut QS, rather than the LLP holders.

- ii. Include these species for one gear type only (e.g., trawl). Deduct the ~~bycatch~~ secondary species catch from gear types from TAC. If deduction is not adequate to cover ~~bycatch~~ secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.
- iii. Retain these species on bycatch status for all gear types with current MRAs.
- iv. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
Suboption. These shares may be used with either fixed gear or trawl gear.
- v. Permit transfer of ~~bycatch~~ secondary species QS
 - Option 1. ~~Groundfish harvest~~ Primary species shares and secondary species ~~bycatch~~ shares are non-separable and must be transferred as a unit.
 - Option 2. ~~Groundfish harvest~~ Primary species shares and secondary species ~~bycatch~~ shares are separable and may be transferred separately

2.5 PSC Species

2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line ~~and trawl~~ entities

~~Option 1. Same as that under IFQ sablefish and halibut programs~~

~~Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded~~

~~Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded~~

Option 1: Modeled after sablefish IFQ program (no direct inseason accounting of halibut PSC. Holders of halibut IFQ are required to land legal halibut. Estimates of sub-legal and legal size incidental mortality are accounted for when setting annual CEY.

Option 2: Halibut PSC will be managed through harvest share allocations.

Option 3: Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against PSC harvest share allocations.

Option 4: Continue to fish under PSC caps.

Trawl Entities:

Option 1: Halibut PSC will be managed through harvest share allocations.

Option 2: Continue to fish under PSC caps.

Topic 18

Revisions to this section are in response to staff requests for clarification. The changes to the hook and line provisions would create four options for management of halibut bycatch. Under the first option, management would be patterned after the current management of halibut bycatch in the sablefish fishery. The option would not limit halibut bycatch for hook and line participants, but would account for halibut bycatch using an estimate based on previous years' bycatch rates. It is assumed that estimated mortality from the bycatch would be deducted from the allocations to other fisheries, including the halibut longline fishery. The provision may create little or no incentive for hook and line participants that are not IFQ holders to control halibut bycatch. Halibut IFQ holders would have an incentive to reduce bycatch to the extent that they perceive that excessive bycatch results in a reduction of IFQ allocations in future years.

Under the option 2, hook and line fishermen would be allocated PSC shares, which would be used to manage halibut bycatch. Harvest of primary and secondary species would be limited to those holding unused halibut PSC shares.

Option 4 would apply PSC caps to hook and line participants, as are currently used for managing hook and line halibut PSC harvests.

Option 3 is a suboption that would apply under option 2. The Council could also require that any holder of halibut IFQ land legal halibut under options 1 and 3; however, the second sentence, only applies to a program with PSC share allocations and may be deleted if option 1 is selected and modified if option 4 is selected.

The provisions concerning trawl vessels would either maintain current management under PSC cap provisions or would move those vessels to a PSC share program.

2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the ~~directed fishery harvest~~ primary species shares. Secondary species ~~Bycatch only species~~ would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed primary target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC harvest shares are separable from primary ~~target~~ groundfish harvest shares and may be transferred independently within sectors. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Option 1. 0%

Option 2. 5%

Option 3. 7%

Option 4. 10%

~~Option 5. Exclude any halibut PSC transferred for participation in the incentive fisheries~~

Option 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).

Option 6: Exclude any halibut PSC transferred within a cooperative.

Topic 18

Option 5 is similar to the existing Option 5, but clarifies that transfers outside a cooperative would not be subject to the reduction. Option 6 would be used to clarify that no reduction would be made for transfers within a cooperative, if the Council should elect to make any reductions in shares for transfers outside of cooperatives.

2.5.3.1 PSC Reduction for Non-Members of Cooperatives

Non-members of cooperatives would have PSC reduced by:

i 5%

ii 15%

iii 30%

PSC reduction will not apply to low producing fixed gear participants. Motion passes 18/1

Topic 26

This provision would be used to apply PSC reductions for non-members of cooperatives. The exemption of low producing fixed gear participants could be applied, if the Council believes that there is a reason not to penalize these participants for not joining a cooperative and a reason for penalizing others.

- 2.5.4 Permanent transfer of Halibut PSC harvest share mortality
- Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit
Suboption. exempt Pacific cod
 - Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately
- 2.5.5 Retention of halibut **incidentally caught** by longline fixed gear vessels
~~Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.~~
- ~~Option 1. retention is limited to (range 10-20%) of target species~~
 - ~~Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing~~

Retention of halibut **incidentally caught** may be retained outside the halibut season from Jan. 1 to start of commercial fishery, and from end of commercial fishery through Nov. 15. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.

Option 1: In all GOA areas.

Option 2: Limited to Areas 3A, 3B, and 4A.

The AP requests the Council consult with IPHC on these provisions. Motion passed 18/0.

Topic 18

The revisions respond to requests for clarification of provisions by staff. The provision clarifies that halibut retention will require IFQ and will be permitted for a limited period outside of the halibut season. Retention of halibut would also be limited to a specified percentage of primary species. The options would allow for consideration of two areas in which the provisions could be applied. IPHC approval will be required for any retention of halibut outside of the standard halibut season.

- 2.6 Incentive species
Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

Option. The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

- 2.6.1 Eligibility to fish in the incentive fisheries
- A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate PSC and bycatch secondary species and the vessel is a member of a GOA fishing cooperative.
 - ~~B. Any quota holder qualified to be in a coop.~~
 - B. Open access participants will be permitted to harvest incentive species as long as the open access fishery remains open and NMFS determines that the secondary and PSC allocations remaining in the open access fishery are adequate to support prosecution of incentive species.

C. Any holder of halibut or sablefish IFQ that has adequate IFQ or PSC and secondary species. The AP requests the Council task the IFQ Implementation Team with developing options for accessing incentive species and managing halibut bycatch.

Topic 23

The additional provisions respond to staff requests for clarification of whether incentive species could be retained by participants in an open access fishery in a mandatory cooperative program and by halibut and sablefish IFQ holders.

- 2.6.2 Catch accounting for the incentive fisheries – Allocated QS and Incentive fishery quota
- Option 1. The individual coop member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The coop will notify NMFS when a vessel enters the incentive fishery quota pool.
 - Option 2. The coop's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The coop members through a contractual coop agreement will address catch accounting amongst the coop members.
 - Option 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used or individual IFQ holder's allocation of the incentive species has been used.
 - Option 4. For open access participants, the harvest of incentive species quota allocated to open access participants must be fished prior to gaining access to the unallocated portion of the incentive species quota.

Topic 24

Option 4 provides that the allocated shares of incentive species must be harvested prior to the deduction of open access harvests of incentive species from the unallocated portion of those quotas. The provision parallels requirements for harvest of incentive species by cooperatives and individuals.

2.7 Preserving entry level opportunities for P. cod

~~2.7.1 P. cod harvest share for H&L and pot lowest producer would remain "tied" to a block of quota and could only be permanently sold or transferred as a block.~~

Each initial allocation of P.cod harvest shares based on the final year of the qualifying period to fixed gear catcher vessels below the block threshold size would be a block of quota and could only be permanently sold or transferred as a block.

- Option 1. 10,000 pounds constitutes one block
- Option 2. 20,000 pounds constitutes one block
- Option 3. No Block Program

Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

Topic 27

2.7.2 Eligible participants would be allowed to hold a maximum of:

- Option 1, 1 block
- Option 2. 2 blocks ~~and any amount of unblocked shares~~
- Option 3. 4 blocks

2.7.3 Any person may hold: (Alternatives 2 and 3)

- Option 1. One block and any amount of unblocked shares or
- Option 2. Two blocks and any amount of unblocked shares
- Option 3. Four blocks and any amount of unblocked shares

Topic 27

Modifications to 2.7 clarify the block program provisions. The provision from the June motion does not clearly identify shares that would be subject to the program. The change to 2.7.2 would allow a person to hold both unblocked shares and blocks. This provision may aid persons developing holdings to transition from holders of blocked shares to holders of larger allocations.

2.8 Skipper/Crew

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

Option 1. No skipper and/or crew provisions

Option 2. Allocate to skippers and/or crew

Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

Option 3. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

i. Vessel owners receiving initial QS or harvest privileges; or

ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

2.9 Communities

The AP requests the Council appoint a committee to made up of interested stakeholders and NOAA GC staff to review community protection elements and options. *Motion passed 19/0.*

A motion to add the following to 2.9.2 CFQ and 2.9.3 Community Purchase purpose statement failed 14/6: Adding the following to the purpose statement: These purposes will be obtained by allocating QS to a community entity so that the community entity can derive revenues from leasing QS to ensure the retention of fishing opportunities and/or support community development.

Minority Report:

A minority of the AP voted to approve language for the Community Fishing Quota that is a response to the letter from NOAA GC regarding possible legal concerns with the current proposed structure of the program. The proposed language would shift program emphasis toward the generation of revenue for the community ownership entity but retain the limitation that CFQ would be fished by residents of qualifying communities. Signed: Eric Olson, Sandra Moller, Tracey Mayhew, Duncan Fields, and Dan Falvey.

Revisions to this section are in response to staff requests for clarification on specific proposed changes to the community protection options. Note, however, that several broad policy questions remain at issue and will need to be addressed in order to prepare a comprehensive analysis of the community protection options under Section 2.9 and their integration with the general rationalization alternatives and options.

Note: Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community protection programs.

2.9.1 Regionalization

Regionalization options may be selected under any of the proposed alternatives for Gulf rationalization.

If adopted, all processing licenses (for shorebased and floating processors) will be categorized by region.

- Processing licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares, incentive fisheries and secondary species are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be:
 - Option 1. consistent with the preferred alternative under "Section 2.2 Qualifying Periods."
 - Option 2. 1999 – 2002
- In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years.

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North - South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

There are three proposed changes to the regionalization provisions in Section 2.9.1.

Secondary species are not subject to regionalization

The first change would exclude 'secondary species' from regionalization, as is proposed for catcher processor shares and incentive fisheries. The allocation of secondary species is addressed in Section 2.4. Secondary species are those species that are typically harvested incidentally by fishermen targeting other (primary) species. However, secondary species are also frequently landed and processed, whether they were targeted or harvested incidentally.

Because it will be necessary to have secondary species shares in order to effectively use primary species shares, there is a concern that making secondary species shares subject to both a regionalization designation and a processor linkage could impede transfers and thereby constrain harvest of the primary species. If the intent of secondary species shares is at least partially to support incidental catch of these species in other target fisheries, there exists a contention that these shares must be easily transferable, without regionalization and processor linkages. This may enable harvest of more of the TACs in these multi-species fisheries. In addition, the operations of the fishery and the incidental catch needs would be

expected to change under a rationalized system, when individuals have more flexibility in when and where they fish. To the extent that secondary shares are used for incidental catch, the need for these shares may vary and evolve among individual fishermen. This may provide further rationale for developing a flexible, transferable system for secondary species shares.

Linking the secondary species shares to both a specific region and an individual processor may inhibit the ability of fishermen to effectively trade shares where they are needed, as fishermen will likely want to find secondary species shares that 'match' the designations of their primary species shares.¹ This is necessary for the harvester to be associated with only one processor, and to avoid the added costs of delivering primary species and secondary species to different processors in possibly different regions.

The relationship between primary and secondary species shares was discussed at the October Council meeting, however, the proposed change to exclude secondary shares from regionalization may have no effect if the secondary shares are subject to processor linkages. The current processor linkage provisions in Section 3.1 appear to link both primary and secondary species shares to one specific processor. Under the alternatives that include processor linkages, a harvester's processor-linked shares are associated with the processor to which the harvester delivered the most pounds of all groundfish during a specified time period. Because the primary and secondary shares would be linked to the same processor, they would necessarily be delivered in the same region. Thus, even if secondary shares were not 'regionalized' upon allocation, they may still carry a processor linkage in a specific region under several alternatives, which has the same effect as regionalization.

Add option for years 1999 – 2002

The second proposed change would add an option to use 1999 – 2002 as the series of years to determine the distribution of shares between regions. This option was proposed in recognition that delivery patterns likely changed in 1999, with the implementation of Steller sea lion protection measures. This option thus would regionalize the harvest shares based on the location of processing during the first four years the Steller sea lion protection measures were in place, assuming that those patterns better represent preferable delivery patterns under future protection measures than an earlier series of years.

As currently proposed, this option would mean that the regionalization designation would be based on a different set of qualifying years than the harvester allocations and processor linkages.² First, a harvester's initial allocation would be determined, using the harvester qualifying years selected in Section 2.2. Then the shares would be regionalized, based on the processing location during 1999 – 2002. Finally, the processor linkages would be applied, again using the harvester qualifying years selected under Section 2.2.

Shares within a region will be linked to the processor entity in the region

The third proposed change would remedy a potential inconsistency should the Council select both the regionalization option and a processor linkage option. The following language was proposed to avoid a situation in which the regional designation conflicts with the processor linkage provisions, preventing a harvester from being able to use his/her shares:

In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years.

¹Note that this argument is only applicable if the Council chooses an option under Section 2.4 that would allow primary and secondary species shares to be transferred separately.

² Option 4 (1998 – 2002, drop 1 year) is the most similar option under consideration in Section 2.2 for qualifying periods.

Depending on the delivery pattern of the individual harvester, a typical harvester could hold shares in both the north and the south regions. The processor linkage provisions in Section 3.1, however, would require a harvester to deliver to the one processor to which he/she delivered the most pounds during the qualifying period. Absent the proposed language, a harvester could hold shares in one region but have an obligation to deliver those shares to a processor in the other region.

In the event both the regionalization and the processor linkage options are chosen, the proposed language resolves the potential conflict by linking a harvester's shares to a processor within each region. Under the proposed provision, a harvester's north region shares would be linked to the processor in the north to which the harvester delivered the most pounds, while the harvester's south region shares would be linked to the processor in the south to which it delivered the most pounds.

Note also that, as written, the provision above suggests that the processor linkage would be applied at the 'entity' (or company) level as opposed to the individual 'facility' level. This is a separate decision point for the Council under Section 3.1.

2.9.2 Community Fisheries Quota (CFQ)

Staff notes that the fundamental concept supporting the proposed CFQ Program is that CFQ would be allocated to the administrative entity to benefit and be used by eligible community residents. It is assumed that the long-term quota share is held by the administrative entity, and is not permanently transferred to an eligible community, resident, or any other person. The benefit of the quota share, however, is derived by using the shares, either through leasing to community residents (proposed in 2.9.2.5) or to another harvester that may pay a royalty fee for use of the shares. Thus, under this structure, the administrative entity must make a decision (through an application process and criteria) as to the individual residents that may harvest the shares. NOAA GC has indicated that legal concerns exist with extending the discretionary authority of the agency to allocate shares to a separate nonprofit organization. This concept is included in both the CIFT and the CFQ Program. Please see the NOAA GC legal opinion on the CIFT Program (Attachment D) and the resulting staff discussion paper (included in Part I) for further details.

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

The purpose statement above was proposed as specific guidance, beyond that provided in the goal and purpose statement for the entire Gulf Rationalization EIS, for the CFQ and Community Quota Purchase Program options. It is assumed, if not always stated, that the policy objectives drive the development of appropriate options and program elements to meet the stated goal.

The proposed purpose statement for the CFQ and Community Purchase Program is sufficiently broad to encompass almost any community fisheries policy objective, and will not likely serve to significantly restrict or shape the program elements. 'Providing for the sustained participation of the qualifying communities' may mean protecting the current level of participation by local resident fleets of eligible Gulf communities. It could also mean providing new or increased access to the Gulf fisheries by community residents, or providing benefits, in the form of royalties, investments, or other fisheries-related activities, to the eligible communities. Each of these example goals would facilitate development of a different program.

Note that NOAA GC's legal opinion on the CIFT program identifies potential legal concerns due to the intent that the CIFT program allows the CIFT (and not the Secretary of Commerce) to use its discretion and reallocate IFQs to individual fishermen. NOAA GC has advised Council staff that this same problem arises within the CFQ Program. The program's intent to allow the administrative entity to distribute annual IFQs to community residents has spurred legal concerns regarding a sub-allocation of quota share without Secretarial approval, and thus, without an appeals process.

2.9.2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

- Option 1. Gulf wide administrative entity
- ~~Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)~~
- ~~Option 3. Multi community administrative entities~~
- ~~Option 4. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.~~

The first proposed change in this section is to move the language from Option 4 under the section heading of 2.9.2.1. This effectively requires that the administrative entity representing eligible communities be a non-profit entity qualified by NMFS. This qualification requirement is similar to other existing and proposed community programs, such as the CDQ Program and the halibut/sablefish community QS purchase program.³ The qualification process would need to be developed and included in Federal regulations.

The second series of proposed changes would eliminate Options 2 – 4, effectively requiring that the CFQ Program have one Gulf-wide administrative entity to hold quota share on behalf of all eligible communities. Should the Council recommend that only one administrative entity be approved, it negates the need to develop an allocation process by which NMFS would distribute CFQ among several administrative entities. As discussed in October, a competitive allocation process among multiple administrative entities in the Gulf groundfish fisheries may prove overly costly and burdensome to participants relative to the level of anticipated benefits generated by the allocation.⁴

While having one administrative entity simplifies the allocation process between NMFS and the administrative entity, there must also be a method to determine the distribution of that quota among eligible communities. The options to determine the amount of quota share 'designated' to residents of each eligible community are proposed under Section 2.9.2.6.

2.9.2.2 Eligible Communities

- Option 1. Population (based on 2000 Census):

³*Under the requirements of the halibut/sablefish community quota share purchase program, the non-profit entity must submit the following information to NMFS in order to become qualified: 1) articles of incorporation as a non-profit; 2) statement designating the communities represented by the non-profit; 3) management organization; 4) statement describing the procedures that will be used to determine the distribution of IFQ to eligible community residents; and 5) statement of support from the governing body of the represented communities (68 FR 59564).*

⁴*There may be varying levels of scope and anticipated revenues that exist between the CDQ Program and the proposed CFQ Program. The 2002 total revenues and royalties from the six CDQ groups combined are about \$70 million and \$46 million, respectively (from the 4th quarter 2002 reports, unaudited). By comparison, the value generated by all Gulf groundfish fisheries (excluding sablefish) in 2002 was less than \$80 million in ex-vessel revenues (SAFE Report: Economic Status of the Groundfish Fisheries off Alaska, 2002). Thus, The total ex-vessel revenues generated from 5% - 15% of the Gulf groundfish TACs (proposed to be allocated to the CFQ Program) could be roughly valued at \$4 - \$12 million. Note that the administrative entity or entities would receive less than the ex-vessel values, however, as they would only receive the lease price from the quota.*

- a. Less than 1500
- b. Less than 2500
- c. Less than 5000
- d. Less than 7500

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 nautical miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Groundfish Fisheries

- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
- ~~b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut~~

Option 4. Government Structure

- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
- b. All other eligible communities

The proposed change under Option 3(a) specifies that the qualifying commercial permit and fishing activity is not limited to the Gulf groundfish fisheries. Communities could have landings of any species, whether crab, halibut, herring, salmon, groundfish, etc., during 1993 – 2002 in order to qualify under this option.⁵ Should the Council approve the proposed change, it may consider modifying the title of Option 3 to “Historic Fisheries Participation,” as clarification that it is not limited only to groundfish fisheries participation. Note also that Option 3(a) specifies that it is necessary to both hold a commercial permit and use that permit to generate fishing activity in order to qualify under this option.

The deletion of Option 3(b) means that the Council would not take into account whether a community was determined by the State of Alaska to have customary and traditional use of halibut in order to become eligible for the CFQ program in the Gulf groundfish fisheries. The customary and traditional use finding is related to whether a community qualifies for the Council’s halibut subsistence program, and may not be as relevant a criterion to determine participation in a commercial fisheries program. Under the remaining Option 3(a), a community’s historic participation would be based on actual commercial permit and fishing activity as documented by CFEC during the proposed time period.

Preliminary analysis indicates that four communities (Aleneva, Kodiak Station, Women’s Bay, Susitna) do not have documented commercial landings during 1993 – 2002 nor do they have a customary and traditional use finding for halibut. Thus, these communities would not be eligible for the program, should either of the historic participation criteria be selected. Should the Council choose to apply Option 3(a), as modified above, no additional communities would be excluded beyond the four identified. All other potentially eligible communities appear to have commercial landings during the specified time period.

Staff notes that Option 1 indicates that the population criterion be based on the 2000 U.S. Census. The U.S. Census is considered to be the most accurate and recent demographic data available, and its use is consistent with similar programs. Should the Council select a maximum population criterion for this

⁵ ***Should the Council choose not to modify Option 3(a) and require that only groundfish landings count toward eligibility, preliminary analysis indicates that six communities with non-groundfish commercial landings would be affected: Akhiok, Cold Bay, Karluk, Nanwalek, Port Graham, and Tyonek. Each of these communities, except Tyonek, also have a customary and traditional use finding for halibut.***

program, the implementing regulations would likely also establish a minimum population threshold and require that a community be defined as a Census Designated Place (CDP) under the U.S. Census.⁶ Establishing a minimum population standard reduces the potential for future petitions for inclusion in the program by an individual or small group of individuals living in a place solely for the purpose of participating in the program. In addition, a community must be defined as a Census Designated Place (or a city) in the U.S. Census in order to be included in the Census. Thus, no Census data will exist for communities without this designation.

2.9.2.3 Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

2.9.2.4 Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

2.9.2.5 Harvesting of Shares

- ~~Option 1. Limited to residents of eligible communities that own their vessels~~
- Option 2. Limited to residents of any eligible community
- ~~Option 3. No limitations on who harvests shares~~
- ~~Option 4. No offshore leases to CPs.~~

This proposed change would require that the harvest of CFQ shares be restricted to residents of the eligible communities. In effect, a resident of an eligible community could lease quota share from any administrative entity representing any of the eligible communities. This provides for a limited number of persons that could potentially participate in the program, without restricting the administrative entity to leasing quota share only to the residents of the community or communities it represents. It is assumed that this provision is proposed in order to provide flexibility in the event that an eligible community does not have a qualified resident to harvest its shares in a given year. In that case, the shares could be used by a resident of another eligible community and reduce the risk that the shares remain unharvested.

This issue spurs the question of whether a priority would need to be established to ensure that the residents of the represented community have priority over residents of other eligible communities. If only one administrative entity is designated to hold all of the CFQ for every eligible community, the entity would need to monitor the use of the shares and ensure that the residents of each community have the opportunity to fish their 'designated' shares. Note that in order to be eligible to harvest CFQ, a person would have to be a resident of an eligible community (under the proposed change) and also meet the eligibility criteria selected to receive harvest shares by transfer under Section 2.3.3.1.

Note that this issue applies regardless of the entity (administrative nonprofit or NMFS) that is leasing the shares to community residents. This section should be considered in the context of NOAA GC's legal opinion on the CIFT Program, which has similar applicability to the CFQ Program structure. The program's design to allow the administrative entity to distribute annual IFQs to community residents has spurred legal concerns regarding a sub-allocation of quota share without Secretarial approval, and thus, without an appeals process.

⁶ The proposed rule for the halibut/sablefish community QS purchase program (Gulf Am. 66) requires that a community be a Census Designated Place under the U.S. Census and have not less than 20 persons and not more than 1,500 persons.

2.9.2.6 Use of Revenue

- ~~Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.~~
- ~~Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.~~
- ~~Option 3. Education, social and capital projects within eligible communities as well as governmental functions.~~

The proposed change would eliminate the options to restrict the use of revenue generated by the use (leasing) of CFQs to specific types of projects. This means that the administrative entity would not be limited in how it could spend revenues resulting from the leasing of CFQ.

If the primary intent of the program is to lease quota to eligible community residents in order to allow them an opportunity to participate in the Gulf groundfish fisheries, it is unlikely that a significant amount of revenue would be generated. The allocations and benefits associated with each eligible community may remain relatively small, due to the smaller, area-specific TACs in the Gulf of Alaska and the number of communities that may be determined eligible. In addition, while a resident may lease CFQ at fair market value, it is also foreseeable that the administrative entity would lease quota at less than fair market value (or no cost) in order to meet the intent of providing opportunities and benefits to resident fishermen. The overall intent of the program appears to be to lease quota to fishermen in rural communities that would not otherwise have the financial means to purchase QS – if so, this may negate the need to regulate the use of revenue generated from that process.

If, however, the intent is for the administrative entity to derive revenues from the allocations to support community development projects, it may be appropriate to restrict the use of revenues. However, any restriction on the use of revenues would necessitate a significant increase in the level of administrative oversight necessary for the program, in that NMFS would be required to review and approve each proposed project to ensure that the use of the revenue complies with the restriction. The cost of increased administrative oversight would have to be weighed against the level of anticipated benefits or revenues derived from the program to determine whether revenue use restrictions are appropriate.

2.9.2.6 Allocation Basis

The initial allocation (harvest shares) of CFQ would be made to the administrative entity representing eligible communities.

Option 1. There would be equal distribution amongst qualified communities of 50% of the Gulf CFQ. There would be pro rata distribution by population amongst qualified communities of 50% of the Gulf CFQ.

The current options propose that the Secretary allocate 5% - 15% of the overall Gulf quota share to the CFQ Program. The options under 2.9.2.1 propose that the quota share be allocated to one Gulf-wide administrative entity representing all eligible communities. However, a method or criteria for determining how much CFQ is associated with each eligible community must also be developed. Option 1 under Section 2.9.2.6 provides one method for determining the distribution of quota share among eligible communities.

Option 1 would allocate half of the CFQ based on being an eligible community and the other half based on population. The implications of this formula are shown in Table 1, based on a preliminary estimate of the number of communities that may be eligible for the program under a specified set of criteria. Table 1 applies a population criterion of less than 7,500 persons, which results in a range of communities from 22 persons to 6,334 persons (based on the 2000 U.S. Census). This table by no means presupposes the actual list of eligible communities or the eligibility criteria that would be selected by the Council. It is only used as an example, to show the distribution of CFQ that would result under the formula in Option 1.

The formula for distributing CFQ under Option 1 would clearly benefit the larger of the eligible Gulf communities in terms of total quota, as half of the quota would be allocated based on population. The example list of eligible communities in Table 1 indicates that the smallest communities would receive less than 2% of the total annual CFQ allocated to the program, and the largest community would receive 21%. The vast majority of communities would receive 2% - 4%, with the three largest communities receiving approximately 7% (Larsen Bay), 9% (Cordova), and 21% (Kodiak).

Whether this formula is appropriate for the program is a policy decision for the Council. The option clearly favors the larger communities in terms of total CFQ allocated, but may still favor some of the smaller communities in terms of the amount of CFQ per individual resident. Recognizing these differences, and the fact that a community's total population does not represent its number of resident fishermen, the Council may want to consider additional formulas for analysis.

2.9.2.7 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.2.8 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

Table 1: Draft list of WY, CG, and WG communities (Census Designated Places) that meet the following criteria: 1) population¹ of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 nm of the Gulf coast. No governance criteria or fisheries participation (permit holding/fishing activity) were used to develop this list.

NAME	CLASS	POP	AREA	% of CFQ ²
1 Akhiok	Second Class City	80	CG	2.0%
2 Aleneva	Unincorporated	68	CG	1.9%
3 Chenega Bay	Unincorporated	86	CG	2.0%
4 Chignik	Second Class City	79	CG	2.0%
5 Chignik Lagoon	Unincorporated	103	CG	2.0%
6 Chignik Lake	Unincorporated	145	CG	2.2%
7 Chiniak	Unincorporated	50	CG	1.9%
8 Cold Bay	Second Class City	88	WG	2.0%
9 Cordova ²	Home Rule City	2,454	WY	9.2%
10 Halibut Cove	Unincorporated	35	CG	1.8%
11 Ivanof Bay	Unincorporated	22	WG	1.8%
12 Karluk	Unincorporated	27	CG	1.8%
13 King Cove	First Class City	792	WG	4.1%
14 Kodiak	Home Rule City	6,334	CG	21.0%
15 Kodiak Station	Unincorporated	1,840	CG	7.3%
16 Larsen Bay	Second Class City	115	CG	2.1%
17 Nanwalek	Unincorporated	177	CG	2.3%
18 Old Harbor	Second Class City	237	CG	2.4%
19 Ouzinkie	Second Class City	225	CG	2.4%
20 Perryville	Unincorporated	107	WG	2.0%
21 Port Graham	Unincorporated	171	CG	2.2%
22 Port Lions	Second Class City	256	CG	2.5%
23 Sand Point	First Class City	952	WG	4.6%
24 Seldovia	First Class City	286	CG	2.6%
25 Susitna	Unincorporated	37	CG	1.8%
26 Tatitlek ³	Unincorporated	107	WY	2.0%
27 Tyonek	Unincorporated	193	CG	2.3%
28 Womens Bay	Unincorporated	690	CG	3.8%
29 Yakutat ⁴	First Class City	680	WY/SEO	3.8%
TOTAL POPULATION		16,436		100.0%

¹Population is based on the 2000 U.S. Census.

²This column denotes how much of the total CFQ would be designated to each community under the proposed Option 1 in Section 2.9.2.6 (Allocation Basis): 50% of CFQ allocated based on equal distribution and 50% based on population.

³Cordova and Tatitlek are considered located in the West Yakutat area. Though located within PWS (Area 649), these communities are inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

⁴Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.

2.9.3 Community Purchase Program

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

The purpose statement above was proposed as specific guidance for both the CFQ Program and the Community Purchase Program. Please see Section 2.9.2 for further discussion. Note, however, that the comments under Section 2.9.2 regarding NOAA GCs legal opinion on the CIFT and CFQ Program do not apply under the Community Purchase Program. The Community Purchase Program does not involve a delegation of Secretarial authority to an organization representing a community; by contrast, its purpose is to allow for a new category of QS holder that is eligible to purchase quota share on the open market.

2.9.3.1 Administrative Entity

Option. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

2.9.3.2 Eligible communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 nautical miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Groundfish Fisheries

- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
- ~~b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut~~

The proposed changes above are the same as the proposed changes for the eligibility criteria in the CFQ Program. Please see Section 2.9.2.2 for a discussion of these issues.

Option 4. Government Structure

- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
- b. All other eligible communities

2.9.3.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.3.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

2.9.4 Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crewmembers in the region to use as leverage to mitigate impacts directly associated with implementation of a rationalization program.

2.9.4.1 Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares.

2.9.4.2 CIFT Designation

- Option 1. One CV CIFT for entire GOA (exclude SEO)
- Option 2. Regional CV CIFTs:
 - Suboption 1. Central GOA (Kodiak, Chignik)
 - Suboption 2. Western GOA
 - Suboption 3. North Gulf Coast (Homer to Yakutat)
- Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

The Council did not propose any changes to the options under the CIFT Program in October. However, staff has provided a separate discussion paper on this program (see Part I), due to a recent legal opinion by NOAA GC (Attachment D). Please refer to this paper for a discussion of the CIFT Program and potential legal implications identified by NOAA GC.

Defer remaining issues to a trailing amendment

2.10 PSC for Crab and Salmon

~~The Council requests that staff prepare a discussion paper showing historical data for the bycatch of salmon and crab by species, area, and year for areas subject to the GOA rationalization program. The Council intends to review these data and develop bycatch measures for salmon and crab which will be implemented as part of this rationalization program. The Council intends to develop options for analysis that could be incorporated no later than the October 2003 meeting.~~

Staff comments on this proposed analysis will be provided at the February 2004 meeting.

Proposed staff analysis on Salmon and Crab bycatch measures

The Council recommends that the alternatives on p.5 of the Salmon and Crab Bycatch Measures for GOA Groundfish Fisheries paper not be adopted at this time and that the analysis be expanded to include, to the extent practical, a discussion of the following:

A comparison of salmon bycatch with hatchery salmon releases (in Alaska, Japan and Canada) and regional salmon run strength and catch of foreign origin salmon.

Red king crab and Bairdi bycatch data relative to population estimates for all gear types.

Use of observer data. The discussion would include a table of the % of observed catch by region by season and methods of extrapolation for unobserved vessels (smaller long line fleet), conversion of observer data to identify catch in State waters, and any known problems with the use of observer data.

Other fisheries in which salmon and crab bycatch occurs — ie. pot codfish and pollock bottom trawl.

The reasons for the high bycatch of the "other salmon" category between 1993-95 and provide salmon bycatch data by month by area.

Description of gear specific salmon and crab mortality rates.

Bairdi bycatch in the pacific cod pot fishery - extrapolate as needed to provide numbers for state waters fishery.

Inclusion in the draft alternatives of a BSAI style bycatch pool hotspot management alternative, an alternative that provides for red king crab bycatch protections and an "other salmon" bycatch protections alternative.

Changes in the regulatory requirements for observer coverage in the pot cod fishery.

Discussion of how crab and salmon bycatch limits integrate with Gulf Rationalization.

Distribution and population information on Tanner and king crab will be provided from survey data.

2.11 Review and Evaluation

2.11.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

2.11.2 Review and Sunset

Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.

Suboption 1. 5 years after fishing under the program

Suboption 2. 7 years after fishing under the program

Suboption 3. 10 year schedule after fishing under the program

Suboption 4. No sunset provision.

Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superceded by the GOA rationalization program allocations upon implementation.

~~Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.~~

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

The Council should consider adding sideboards for the GOA jig fishery, which will not be included in the rationalization program.

Staff analysis of sideboard issues should examine the potential consequences of the creation of a double set of sideboards relating to BSAI fisheries for vessels already subject to AFA sideboards in BSAI fisheries.
Motion passed unanimously.

Topic 19

The deleted provision is redundant and creates ambiguity of whether sideboards will be applied on an aggregate basis, which is significantly more workable and less costly than application on an individual basis. The added provision clarifies that sideboards for the jig fisheries will be considered.

The Council noted its intent to further develop sideboard measures for analysis.

3 Processing Sector Provisions

3.1 Provisions for a Closed Class of Processors

3.1.1 Harvester Delivery requirements

3.1.1.1 Closed class delivery requirements

- 3.1.1.1 Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:
- i. the linked qualified closed trawl or fixed class processor.
 - i. any qualified closed trawl or fixed or large or small class processor
- The remaining (50 -0%) CV harvest share allocation can be delivered to:
- i. any processor excluding CPs
 - ii. any processor including CPs

Option 2. Low producing vessels are exempt from closed class delivery requirements

3.1.1.2 Linkage:

Option 1. A harvester's processor linked shares are associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during

Option 2. the last ___ years of the harvester allocation base period.

- i. 1
- ii. 2
- iii. 3

If the processor with whom the harvester is associated with is no longer operating, the harvester is eligible to deliver to any qualified processor.

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

3.1.1.3 Penalties for moving between linked processors

- Option 1. No share reduction for moving between processor year to year
- Option 2. Share reductions of 10-20% each time a harvester moves to a different linked processor for:
 - i. 1 year
 - ii. 2 years
 - iii. 4 years
 The share reduction shall be redistributed to:
 - i. The shareholders in association with that processor that the shareholder left (if it continues to exist).
 - ii. To all cooperatives in the sector on a pro rata basis. (applies if mandatory cooperatives)
- Option 3. Penalty to move depends on the amount of open access B share fish. Vessel leaves A share for one year.
 - Suboption 1: Penalty applies to both A and B shares.
 - Suboption 2: Full penalty applies to first move, subsequent moves are penalized at half of that rate.

Council Topic 13

Closed A share class	Open B share class	Penalty on total amount of A and B shares	Ratio of penalty on A shares to B shares
90%	10%	10%	9:1 (9%)
80%	20%	20%	4:1 (16%)
70%	30%	30%	7:3 (21%)
60%	40%	40%	3:2 (24%)
50%	50%	50%	1:1 (25%)

~~Option 4. One year penalty in open access. Harvester's shares must move as a block with all shares subject to the one year open access penalty. No open access penalty required if an agreement between coop members and the affiliated processor could be struck. Motion passed 14/4.~~

Council Topic 13

The addition to Option 4 would apply only if the Council adopted an alternative with an open access penalty (Alternative 2 or 3 from the June 2003 table or Alternative 3 from the October tables). The first sentence could be intended to limit the ability of harvesters to take advantage of the open access penalty structure by moving a few shares through the open access to compete with other participants that were using the open access to change cooperative and processor affiliations. If the Council intends to adopt this provision, the limitation should be incorporated into Section 4.6 as well. The second provision provides that no penalty would be applied if a harvester's share move was agreed to by the cooperative and affiliated processor. The Council should also clarify whether this proposed change is intended to create inseparable blocks of all initial allocations. Doing so could reduce long term efficiency gains that could be realized through the division of initial allocations.

- Option 5. No penalty. Movement allowed only upon agreement between Coop members and affiliated processor.

3.1.1.4 Low producing vessel provisions

- i. Low producing vessels are defined as:
 - Option 1. H&L or pot CVs receiving less than average QS initially allocated by gear, species and area

- Option 2. H&L or pot CVs receiving less than the 75th percentile QS initially allocated by gear, species and area
- ii. Provisions for low producing vessels
 - Option 1. Low producing vessels are exempt from closed class delivery provisions
 - Option 2. Subject to block program.

3.1.2. Closed Class Processor Qualifications

3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the following years:

- Option 1. 1995-99.
- Option 2. 1995-01
- Option 3. 1995-02

- Option 1.
 - a. Trawl eligible Processors
 - Suboption 1. 2000 mt
 - Suboption 2. 1000 mt
 - Suboption 3. 500 mt
 - b. Fixed gear eligible Processors
 - Suboption 1. 500 mt
 - Suboption 2. 200 mt
 - Suboption 3. 50 mt
 - c. Trawl and Fixed gear eligible processors

Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above

- Option 2.
 - a. Large closed class processor
 - Suboption 1. 2000 MT
 - Suboption 2. 1000 MT
 - Suboption 3. 500 MT
 - b. Small closed class processor
 - Suboption 1. 500 MT
 - Suboption 2. 200 MT
 - Suboption 3. 50 MT
 - c. Open class processor – no groundfish landing qualifications – can purchase any amount of open class B share QS.

3.1.2.2 Processor history would be credited to (and licenses would be issued to):

- Option 1. Operator – must hold a federal or state processor permit.
- Option 2. Facility owner

Suboption. Custom processing history would be credited to:

- i. the processor that physically processes the fish
- ii. the processor that purchases the fish and pays for processing

3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

- Option 1. Within the same community
- Option 2. Within the same region

3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed (low or large), by CGOA and WGOA regulatory areas:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor
- Option 2. Processing use caps for small closed class processors
 - i. 1000 to 2000 MT
 - ii. 2000 to 3000 MT

(Note: There is no limit on the amount of fish either a small or large closed class processor can buy from the open B share classed fish)

- 3.1.2.5 Processing Caps may apply at:
- Option 1. the facility level
 - Option 2. the entity level

- 3.1.2.6 Closed class license ownership restrictions on processors
- Option 1. No restrictions
 - Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses.
 - Option 3. Large closed class processors cannot hold small closed class processors licenses.

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

- Option 1. Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members)
- Option 2. Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives)

4.2 Cooperative formation

4.2.1 Co-ops can be formed between holders of harvest shares or history of:

- ~~i. any type~~
- ~~ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.~~
- ~~iii. the following classes of shares/history~~
 - CV trawl
 - CV longline
 - CV pot
 - C/P trawl
 - C/P longline
 - C/P pot
- ~~iv. All CV in the same area (WGOA and CGOA & WY combined)~~
 - CV trawl
 - CV fixed gear
 - CV longline
 - CV pot

Within Alternative 2 in Matrix Table:

- Catcher/processors
- Trawl catcher vessels
- "High producing" fixed gear catcher vessels
- "Low producing" fixed gear catcher vessels

Within Alternative 3 in Matrix Table:

- Trawl Catcher/processors
- Longline catcher/processors
- Pot catcher/processors
- Trawl catcher vessels

Longline catcher vessels
Pot catcher vessels

Council Topic 4

Each group of share/history holders of a defined class that may form cooperatives is defined as a "sector."

The proposed change clarifies the designation of sectors for cooperative formation as requested by staff. The result of the change is generally consistent with the provisions in the Council, but may need slight modification for the alternatives proposed at the Council's October 2003 meeting.

4.2.1.1 Coop/processor affiliations

Option 1. No association required between processors and coops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) a licensed processor
- b) a qualified processor (if closed processor class is selected)
- c) a closed class processor to which the share holder's shares are linked
- ~~d) any processing share holder (if processor shares are selected)~~
~~note: should be deleted~~—Motion passed 19/0

Option 3. A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a coop is no longer operating, the harvester is eligible to join a coop with any qualified processor.

Suboption 1. Processors can associate with more than one co-op

Suboption 2. Processors are limited to 1 co-op per plant for each sector.

Suboption 3. Processor affiliated vessels may join coops. (*moved from header*)

Note: A processor association will not be required for a C/P cooperative.

4.2.2 Cooperatives are required to have at least:

Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)

~~Suboption: trawl CP sector, all less 1 of distinct and separate harvesters, using the 10% threshold rule) Motion passed 19/0.~~

Option 2. ~~40~~ 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors)

Option 3. ~~40~~ 50-100% of separate and distinct shareholders (using the 10% threshold rule) belonging to its sector. Council may choose different percentages for different sector.

Option 4. ~~40~~ 50-75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each coop associated with its processor

Note: Requirements may differ across sectors (or for CV and CP cooperatives)

4.2.3 Duration of cooperative agreements:

Option 1. 1 year

Option 2. 3 years

Option 3. 5 years

4.2.4 Allocation Prerequisites

Allocations to CV co-ops will only be made under the following conditions:

Required Co-op agreement elements:

Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. The co-op agreement must contain a fishing plan for the harvest of all co-op fish.

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

Option 1. Annual allocations of cooperative members would be issued to the cooperative.

Option 2. Annual allocation of the sector would be issued to the sector cooperative (if "true" sector cooperative alternative is selected)

- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target primary species, non-target secondary species and halibut mortality, as may be adjusted by interco-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement. Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

Council Topic 14

The change is consistent with a staff suggestion that is intended to limit the ability of a majority of a cooperative to exert excessive bargaining power over persons eligible for membership. This provision alone may not be sufficient to address all issues of bargaining power in a mandatory cooperative program (see discussion of cooperative rules in the alternative descriptions above).

4.4 Ownership and Use Caps and Underages

4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a "true" sector cooperative)

4.4.2 Coop use caps for harvest shares on any given vessel shall be:

Option 1. Set at the same level as the individual vessel level.

Option 2. 3 times individual vessel use cap.

Option 3. No use caps

- To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.
- Underage limits would be applied in the aggregate at the co-op level

4.5 Movement between cooperatives

4.5.1 Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. No movement in the first two years

4.5.2 License Transfers Among Processors (applies only if closed class of processors)

- Option 1. any cooperative association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on departing the cooperative, as would have been made in the absence of the transfer.
- Option 2. any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

4.6.1 Harvest share/history holders that do not choose to join a co-op

- Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters in the open access fishery holding bycatch shares for multiple target fisheries.
- Option 2. Are not allowed to participate in the rationalized fisheries until they join a co-op.

The change clarifies that only the shares of participants in the open access are intended to be used in the open access fishery.

Sections 5 and 6 concerning the halibut and sablefish IFQ program and SEO fisheries

Sections 5 and 6 are possible responses to staff's request that the Council clarify the interaction of the program with the halibut and sablefish IFQ program and the application of the program in Southeast Outside, where only secondary species will be allocated. Staff's initial comments on the provisions are included in the text below. These comments are preliminary and may be addressed as the provisions of these sections are developed.

Sections 5 and 6 are a starting place for developing a program for the partial inclusion of halibut and sablefish IFQ holders and SEO in the rationalization program. Both sets of provision will need further attention and development. Assuming the Council accepts these proposals, the IFQ implementation team would develop provisions for IFQ holders. No similar provisions for further development exists for section 6.

Additional information should be available to assist with the development of these sections, once the analysis has progressed. The Council, however, will need to more clearly describe the management of halibut and sablefish IFQ fisheries and SEO fisheries, if the Council chooses to partially incorporate those fisheries into the rationalization program.

5- Provisions relating to the IFQ halibut/sablefish fishery.

5.1 Management areas:

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

5.2 Primary species include: P.cod, Greenland turbot, POP,

A) OS will be issued to the halibut/sablefish owner at the time of landing while harvesting halibut or sablefish IFQ during the qualifying period. Any OS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

This provision clarifies the species for which shares will be awarded based on retained catch. One issue that will arise with respect to analysis (and more importantly administration) of this provision is that harvest records do not identify the specific IFQ that authorize the landing of any groundfish necessary to allocate shares based on landings related to an IFQ. In some cases, a relationship may be inferred using the date of landing and permit holder, but the specific relationship cannot be determined with any certainty and in some cases may be impossible to infer. So, the initial allocation of shares based on specific harvest history records as proposed is not possible.

Another aspect of this provision should be clarified. The provision states that the allocation would be made to the "owner at the time of landing". The provision is assumed to refer to the holder of the QS at the time the qualified landing occurred. Although this provision might be intended to award shares based on history, it is unclear why the allocation should not be made to the share holder at the time of the allocation. If allocations of these groundfish species are intended to support incidental catch by halibut and sablefish IFQ holders, awarding shares to persons that have sold their shares may not satisfy that need. In other words, as drafted the provision would allocate groundfish to persons who sold all of their halibut and sablefish IFQ based on any landings they made of groundfish. Allocations to the holder of the shares at the time of the landing suggest that the allocation has a broader purpose than to support the use of halibut and sablefish IFQ, but is instead intended to support direct participation in the groundfish fisheries by IFQ holders. Arguably, a person that transfers halibut QS forsakes the right not only to harvest halibut, but also the ancillary harvests of other species that are made along with the IFQ harvests. Otherwise, the Council should clarify that participants in the halibut fishery have a direct interest in the halibut fishery that is independent of their interests in the halibut IFQ.

There is likely no perfectly clean solution to this allocation issue. Some halibut IFQ participants that hold LLPs target groundfish and record those landings on groundfish tickets, while others record all groundfish landings on halibut fish tickets.

5.3 Secondary species include RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish. Allocation to the halibut/sablefish IFQ fishery shall be determined by:

A) Sablefish: Allocation based on the average rate and 75th percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)

B) Halibut: Allocation based on the average rate and 75th percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

This provision provides for the allocation of roughey/shorthead, thornyhead, pelagic rockfish, other slope rockfish, northern rockfish, and other rockfish as secondary species based on observed bycatch rates. The provision is similar to the provisions for the allocation of secondary species to groundfish participants except:

1) pelagic shelf rockfish and northern rockfish are allocated as target species for groundfish participants. The Council should clarify its rationale for not using the same allocation method for all participants. If halibut and sablefish QS holders receive an allocation based on average incidental catch rates, the allocation of these species will favor IFQ participants over groundfish participants, who will receive an allocation based only on retained catch. The provision would result in relatively larger allocations to

participants (including IFQ holders) with higher discard rates and smaller allocations to those with lower discard rates.

5.3.1 Management provisions for secondary species

A) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

B) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.

C) Require full retention of Secondary species listed under A.

Further, the Council requests the IFQ implementation team review these options once the observer and IPHC data becomes available

Under option 1, secondary species would remain under current management, including MRA regulations, for halibut and sablefish IFQ holders.

Option 2 would allocate shares in these species to halibut and sablefish IFQ holders base on their QS holdings. Shares of secondary species would be leasable among participants in the IFQ program, but could not be permanently transferred independent of the QS that gave rise the secondary species allocation. These shares also could not be transferred outside of the IFQ program, to support groundfish harvests.

Suboption 1, appears to create a common pool alternative for IFQ holders. This provision would create a pool of secondary species shares that would support the IFQ harvests of any IFQ holders that elected to join the pool. All secondary species shares of persons joining the pool would be allocated to the pool.

Suboption 2 would allow a 7-day adjustment period during which an IFQ holder that exceeded share holdings would be permitted to acquire shares to cover the overage. As written, this provision applies only to secondary species and to halibut and sablefish IFQ holders. The Council might consider whether this provision is appropriate for other species and participants.

Option B would require that NOAA Fisheries estimate the use of secondary species for non-commercial use (bait). The second sentence would allow the use of secondary species for gurdy bait without shares. Although the provisions are not clear, it is assumed that the estimated non-commercial use would be accounted for in setting TACs for share allocations in the fisheries. The Council should consider whether this provision should apply only to halibut and sablefish IFQ holders and only secondary species.

Option C would require full retention of secondary species listed in option A. The Council should also consider whether this provision should apply only to the species listed in A and only to halibut and sablefish IFQ holders.

6: Provisions relating to the SEO Area. The AP recognizes the need for SEO stakeholders to provide input on Section 6. We request the Council provide staff input if a group of stakeholders convene. *Motion passed 19/0.*

6.1 SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species

6.2 Management provisions for secondary species

A) Any OS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization

B) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:

Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to the vessel owner or qualified lease holder at time of landing during the qualifying period based on retained catch. Secondary species OS can only be permanently transferred to an individual with 150 days of sea time in a U.S. fishery. Secondary species IFQ may be leased.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

C) Non commercial use of secondary species for gurdy bait will not require OS/IFQ.

The provisions of section 6 mirror those of section 5, but apply in Southeast Outside (rather than only to halibut and sablefish IFQ holders). These provisions are clearly a starting point for the development of a management program for SEO. The provisions differ from those of section 5 in a few ways. First, the species governed by these allocations are fewer than those governed by section 5. Second, no provision for allocation of the species is stated. The Council will need to develop an allocation scheme for any SEO allocations. Notably, the species to be allocated are secondary species, which are allocated at standard rates relative to primary species allocations in the rationalization program. Since no primary species allocations are proposed for SEO, an allocation scheme will need to be developed. The provisions seem a starting point for developing a program for management of SEO, but most of the program has yet to be defined.

Additionally, the AP recommends the Council initiate analysis to implement TAC splits among gear types and sectors in the GOA Pacific cod fishery. Motion passed 17/0/1

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

2.Fee and Loan Program

3.Skipper/Crew Share Program issues

Remaining issues of CIFT program